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Vol. XXVII, No. 2
FEB 14 1925
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February, 1925

CREDIT

MONTHLY

The National Magazine of Business Fundamentals



When Guerilla Efforts Failed

The Sheriff's Posse Took Hold

25 cents

\$3 a year

See Page 9



Windstorm Insurance

THE sudden storm—a valuable property seriously damaged—but no Windstorm Insurance!

How often this story is told in our newspapers all over the country and yet, a large number of owners still "take the chance."

A man taking out one of our policies recently made the statement, "I believe Windstorm Insurance is even more important than Fire Insurance. You can

use preventive measures against fire, but no one can stop a Windstorm's fury."

Windstorms are not confined to any one locality. A damage is often reported from a section that never before had such a storm in the history of the weather bureau.

If credit is to be sound then it must be based on adequate and sound Insurance protection. Windstorm Insurance is an important and necessary link in that protection.

Any Credit Man interested in the companion lines of Fire Insurance, may secure additional information by addressing the Company at 114 Fifth Avenue, New York

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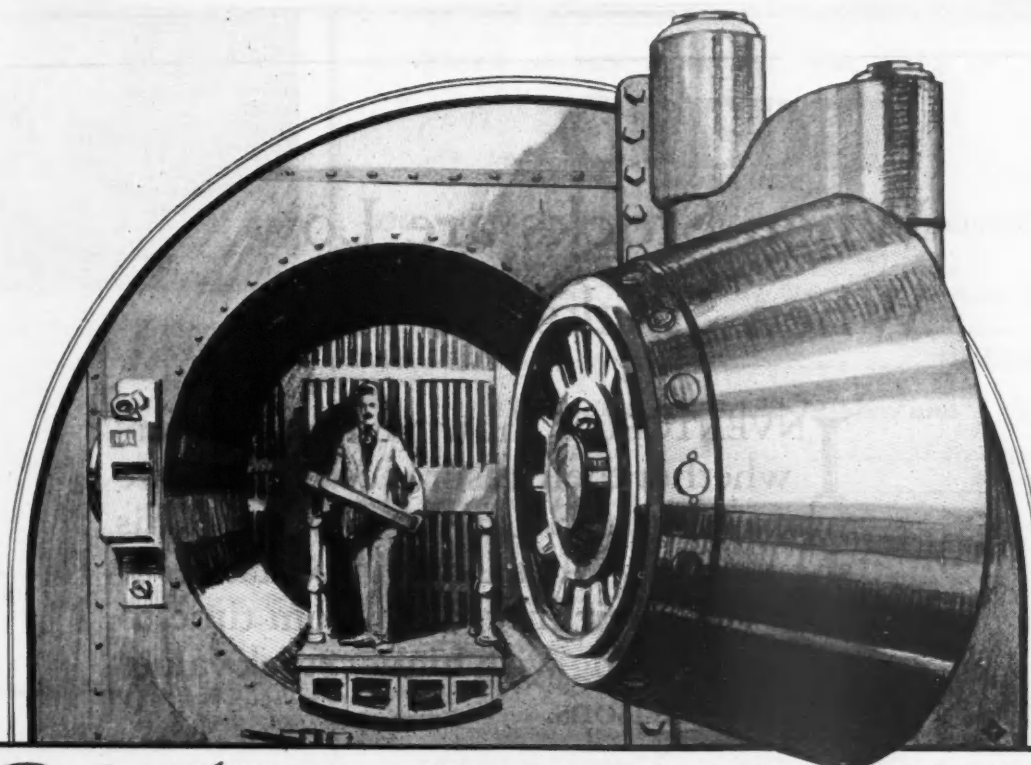
NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS



STRENGTH

HUGE storerooms of steel, immune from fire and thievery, guard safely the nation's wealth of gold and silver bullion.

But the greater wealth of the nation, its tremendous property interests, must be protected by other means. Here the strength of sound insurance, indemnifying against financial loss from fire and other agents of destruction, encases the nation's wealth of property values within the strong walls of financial reparation.

A policy in The Home Insurance Company of New York provides the protection of America's Largest and Strongest Fire Insurance Company.

The HOME INSURANCE COMPANY NEW YORK

ELBRIDGE G. SNOW, President

59 Maiden Lane

New York

When Stocks are Low When Stocks are High

INVENTORIES show your customers whether their insurance is adequate when their stocks are usually low. This should show them the importance of adjusting their insurance from time to time in keeping with higher stock values at other seasons.

Credit is known by the insurance it keeps, and there is *Quality* in insurance.

QUEEN INSURANCE Co. OF AMERICA

HOME OFFICE: 84 WILLIAM ST., NEW YORK

Incorporated in New York State 1891

STATEMENT, JANUARY 1, 1924

Total Assets	\$18,307,514
Liabilities	13,134,716
Net Surplus	5,172,798
Capital	3,000,000
Net Surplus to Policyholders	8,172,798

Western Dept.: CHICAGO, ILL.—F. P. Hamilton, Mgr.

Southern Dept.: ATLANTA, GA.—S. Y. Tupper, Mgr.

Pacific Coast Dept.: SAN FRANCISCO—Rolla V. Watt, Mgr.

Canadian Dept.: MONTREAL, QUE.—J. H. Labelle, Mgr.

Maritime Prov. Dept.: HALIFAX, N. S.—T. E. Patterson, Mgr.

Cuban Dept.: HAVANA, CUBA—Trust Co. of Cuba, Mgrs.

Marine Dept.: NEW YORK CITY—John E. Hoffman, Mgr.

**FIRE
EXPLOSION
SPRINKLER LEAKAGE**

**AUTOMOBILE
RIOT & CIVIL COMMOION
WINDSTORM**

**MARINE
TOURIST
REGISTERED MAIL**



With the Editor

IN his maiden speech delivered in New York on January 13, J. Pierpont Morgan said: "Were I required to state an ethical code for our profession [of banking], I think that I would say that the first rule should be, 'Never do something you do not approve of in order more quickly to accomplish something that you do approve of' for there are no safe short cuts in piloting a business or a ship."

cCc

DR. FRANK A. FALL, the new director of the National Institute of Credit, of the National Association of Credit Men,—an author and editor of wide experience,—begins this month to conduct "The Business Library" Department of the CREDIT MONTHLY.

cCc

GOOD news for all defenders of the Federal Reserve System! It comes from our Washington correspondent and is to this effect: Opponents of the par collection system of the Federal Reserve Board received a decided setback in the decision of the United States District Court at Atlanta on December 30, 1924, when a permanent injunction was denied by the court and the case decided adverse to the contentions of the Pascagoula National Bank. An appeal may be taken but this is not certain.

cCc

"SIMP OR SIMPATICO," the amusing play showing how the credit manager and the salesman should handle a Latin-American customer, which has been given in many cities, was played successfully in Cincinnati and Chicago last month with the original cast: L. R. Browne, International Western Electric Co., H. G. Brock, National Bank of Commerce in New York and Benjamin B. Tregoe, Manager of the Foreign Credit Department of the National Association of Credit Men.

The same actor-authors are working on a new business play to be produced in the near future.

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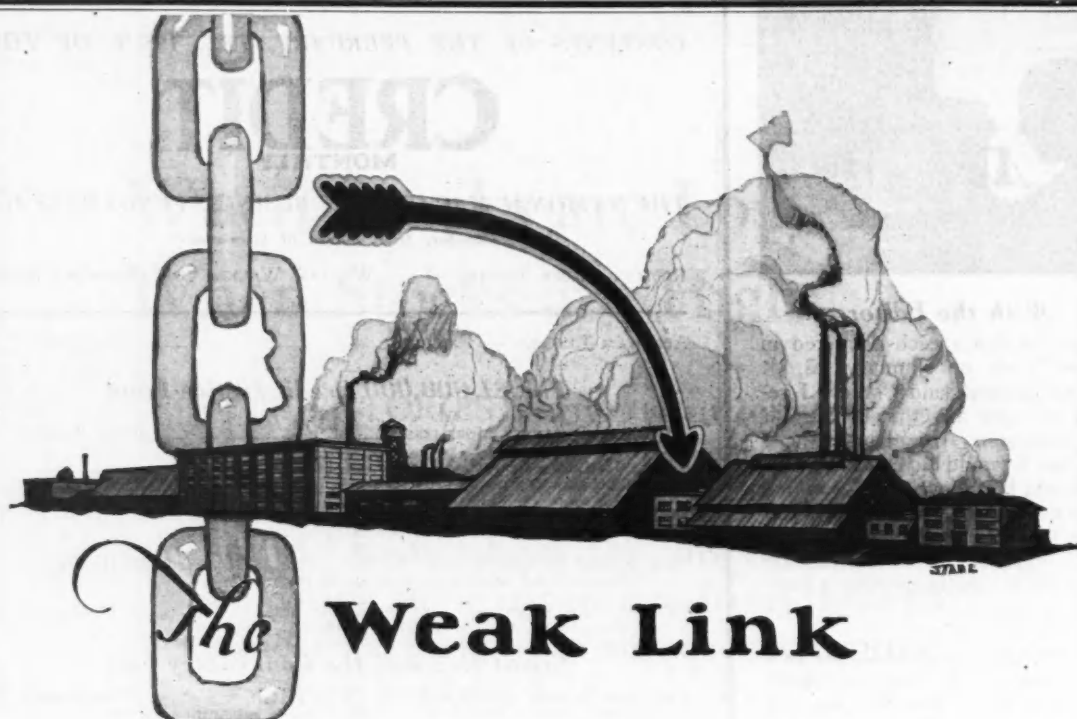
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WITH unconscious humor the "make up" man of a nationally-known newspaper printed on January 10, under the heading of "Business Troubles," a list of the previous day's quotations of foreign government and municipal bonds.

HAVE you a salesman in your organization with the same characteristics as those of Jim Walton in Mr. Otte's story "Jim Walton—Reporter" in this number of the Monthly? Are you on good or bad terms with your star salesman?



ALMOST every industry requires one or more hazardous manufacturing processes. Such processes, unless properly protected, form a "weak link" in the chain of fire prevention and are usually reflected in the insurance premium applying to the property as a whole.

Defects of this sort are often found where a plant has grown by stages. Old units, long out of date, are allowed still to carry some of the burden of

production. Hidden away by surrounding construction that dwarfs their size, they are forgotten by everyone except the insurance rate maker.

Our Policyholders are entitled to, and hundreds have received, expert service on Fire Prevention. We would be glad to show you how our Engineers can co-operate to reduce the possibility of fire—with, perhaps, a material saving in your insurance rates.

AMERICAN EAGLE
***The* CONTINENTAL**

FARMERS of IOWA
FIDELITY-PHENIX

FIRE INSURANCE COMPANIES
Eighty Maiden Lane, New York, N.Y.

Abraham Lincoln—Failure

ABRAMHAM LINCOLN failed — as a country storekeeper. With a partner, he had bought a grocery store and had given his note. Perhaps he was too busy as deputy surveyor and as postmaster of that little frontier town of Salem, Illinois. Perhaps he spent too much time reading good books and talking politics with his neighbors. Anyway, Abraham Lincoln failed.

The Trent brothers, Aleck and Bill, bought the store,—fixtures (if any), merchandise and all—and gave their notes to Lincoln.

They failed, too,—but first sold out every dollar's worth of merchandise. Just before the notes were due, they quietly disappeared one moonless night along the newly broken trails opening westward. The ways were little more than muddy wagon tracks; there were no railroads, telephones or telegraph wires to carry the news of their evasion. They were quickly lost in the confusion of a new country. They followed the custom of their time and place,—and were heard of no more.

But Abraham Lincoln, a business failure at 25, was far ahead of his time and place in business ethics. He had only the Trents' worthless paper to pay his own debts, incurred in the original purchase of the store and its stock. He was faced with a landslide of obligations and the alternative of taking on an appalling load of debt, which would weigh him down for years to come, or of following in the footsteps of the Trent boys and simply fading out of sight and memory.

Abraham Lincoln, the failure, did not disappear. He settled down among the men to whom he owed the money, shouldered his burden, and patiently and laboriously went about earning, dollar by dollar, the money to pay it off.

By that one act, as much as by anything he did in his early life, he won the respect as well as the admiration and affection of his neighbors; he laid the foundation stone of his reputation.

It was no easy task for young Lincoln. It took him fifteen years to pay off the whole amount, including the high rate of interest then current. He used to refer to his burden cheerfully as the "National Debt"; but it was no laughing matter for a man who had no hope of earning money except by his daily work. Speaking of it once in later life he said:

"That debt was the greatest obstacle I have ever met in life; I had no way of speculating, and could not earn money except by labor; and to earn by labor eleven hundred dollars, beside my living, seemed the work of a lifetime. There was, however, but one way. I went to the creditors, and told them that if they would let me alone I would give them all I could earn over my living, as fast as I could earn it."

They did let him alone—all but one man, who brought suit against him and would indeed have ruined his chances, if a neighbor, with faith in the young man, had not come to his rescue. Judgment was brought against Lincoln; his horse, saddle, bridle and surveying implements were sold at auction to pay the amount. They were bought in, however, by this friendly neighbor, who restored them to their owner. Lincoln never forgot this act of kindness and as soon as possible paid back, with interest, the money this friend in need had spent for him.

So with his horse and surveyor's chain Lincoln went about his heavy task. "Honest Abe",—who in his storekeeping days would walk six miles to return six and a half cents change to a customer,—established his reputation for character that enabled him to win a success and fame the like of which no American has ever surpassed.

May the United States be blessed with more failures like Abraham Lincoln!

Rodman Gilder

Editor.

As far as your service needs go each of these Autocar branches is the Autocar factory itself



"A motortruck is only as good as the service behind it."

**This service is maintained by one organization:
The Autocar Sales and Service Company**

FROM these 46 branches — factory-equipped, trained, and controlled — radiates a further system of affiliated representatives and authorized service stations.

assured. Thousands of Autocar users, individuals and great corporations, have learned to make that assurance one of their permanent operating economies.

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Please send me your

☐ Gas truck book

☐ Electric truck book

Autocar

gas and electric trucks

EITHER OR BOTH - AS YOUR WORK REQUIRES

CREDIT

MONTHLY

Vol. XXVII

FEBRUARY - 1925

No. 2

Why Blame the Lawyers?

Credit Men Themselves Encourage Bankrupts

By William E. Maxfield

NO less than 20,551 failures punctuated the commercial history of 1924. These with numerous compromises of which there is no official record make insolvency and bankruptcy paramount commercial problems.

The failure of many to realize the true functions of the bankruptcy court leads to the erroneous conclusion that the National Bankruptcy Act is a hindrance and not a help to business. Analyzed closely it would be found that a great proportion of the complaints against the law arise from the notion that it would prevent commercial failures. Men keep forgetting that the statute regulates the burial proceedings for a dead business and has no part in the prevention of death or the curing of the various diseases which result in the demise.

An ounce of prevention is worth a pound of cure. Credit men have their fingers on the pulse of business and industry. They are the doctors of the financial and business world. It is for them to apply requisite remedies and to keep their customers out of the bankruptcy court.

Principal Cause of Failures

Some authorities maintain that a vast majority of retail failures are due to over-buying or over-stocking. Someone has said that 60 per cent. of the failures are due not to ignorant buying but to ignorant credit extensions. Basing my opinion upon ten years of credit extension work preceded by five years of legal practice and clerkship experience which had to do largely with bankruptcy matters, I cannot but agree that the failures are largely to be accounted for through ignorant credit extensions.

Writers on bankruptcy matters sometimes cast reflections on the legal profession as a whole. I was formerly a practicing attorney and may be again before I finish the race. I hold no brief for any lawyer who does anything against the ethics of the profession, but insist that attorneys are as conscientious, respectable and honest as the average representative of any business or profession, barring none. If some attorneys take opportunity to gain extraordinary and unreasonable profit in bankruptcy practice,

there are others who fight the battle of the creditors with little hope of gaining a farthing of appreciation. As a credit man I have gone forth with attorneys who, without recompense and without hope of reward, in an effort to thwart an unscrupulous and degenerate bankrupt, have seriously inconvenienced their personal welfare—and what aid did we receive from the credit men, the constituted representatives of the unfortunate creditors? In the majority of cases, no help whatsoever.

Not every bankruptcy is fraudulent, as some profess to believe. There are many hard pressed debtors who seek the benefits of the bankruptcy law to relieve themselves honestly of burdens they no longer have strength to carry, and turn over all their assets to be shared by their creditors pro rata. The fraudulent bankruptcy has appeared in so many cases and become such a definite evil, that its elimination can be brought about only by those who are extending credit to the debtors.

Why Blame the Attorneys?

If control of bankruptcies is centered in a group of attorneys who make a specialty of questionable activities, who control the situation from the appointment of the receiver to the final curtain, does the blame rest upon them? Is it not largely to be put upon business itself which has permitted itself to be the prey of dishonest debtors and their unscrupulous advisors? One need study but little to see that the major blame for the present plight of the commercial world must be placed upon the credit grantors themselves.

A business house will be on its toes anxious to make sales on the best terms possible. It will exert all the efforts of its sales department to find customers for its products. It will, after meeting competition, make such sales in order to establish favorable relations. A period of credit will be granted a customer and the customer will be constantly nursed along that more sales may be secured and stronger friendly relationships established. Then perhaps without the knowledge of the creditors the dealer begins getting into bad ways, and if weak in character he starts manipulating his af-

fairs so that if he becomes involved there will be something left for him.

Finally the end is reached and a bankruptcy petition is arranged for. The creditors are notified of the bankruptcy and from that very moment all relations with the former customer cease. Instead of the close contact with the customer that before existed, instead of the regular and constant calls on him, there now develops a cold, indifferent and ultimately money losing attitude.

We build for the future in our sales department with little regard for expense. When failure threatens we at once take an attitude of why throw good money after bad? We make no expenditure of time nor resources unless we can see our way clear to get a new dollar for an old one.

The Creditors' Duties

Now, we must build for the future in our credit departments even more ardently than in our sales departments, because the continued prosperity of our country depends largely upon the ability to extend credit with confidence and assurance. The National Bankruptcy Act is a dependable and praiseworthy document. But it is right up to us to see that it is properly enforced, and that it serves the purposes for which it was created and that those purposes are expected of it.

When a credit man has a claim against a debtor, he must follow it through, see that the debtor turns over his entire estate to the trustee, attend all creditors' meetings but more particularly the first, and help select and elect a competent and efficient trustee and assist him with co-operation in the performance of his duties. When there is an indication of fraud in a proceeding, he must investigate and see to it that no dishonest debtor receives a discharge and that the criminal bankrupt is prosecuted to the full extent of the law.

Beyond all, we must keep our customer from insolvency and bankruptcy by careful credit extensions and by education of the trade in efficient business administration. We must caution our customers against over-buying and indulgences in the extravagances which have become too common in recent years.

American Business Mobilizes

By J. H. Tregoe

THE movement to expand the work of the National Association of Credit Men received a splendid impetus at the all-day conference held last month in the Hotel Astor, New York. Leading credit executives of the East and Middle West who attended pledged their co-operation in raising the \$1,000,000 fund for the suppression of credit crimes and in organizing business houses of their respective districts for the success of the campaign.

Teams are now being formed in Baltimore, Philadelphia, Boston, New York, Buffalo, Cleveland, Detroit, Pittsburgh, Cincinnati, Indianapolis, Milwaukee, Chicago, Minneapolis, St. Louis and Kansas City. These will be the key cities of the campaign. An intensive canvass lasting one week will be held in each of these cities and surrounding territory some time between March 2 and June 20—the exact dates to be determined by the local executive committees and national officials of the campaign.

District conferences, meetings of trade chairmen and meetings of team captains will be held prior to the intensive period. A dinner will mark the opening of the one-week canvass in each city.

The necessity of business houses mobilizing to combat the credit crook through a medium such as the campaign plan now under way was strongly emphasized by several of the speakers at the New York meeting. Estimates of losses from credit frauds suffered annually by American business men varied from \$250,000,000 to \$400,000,000. All the speakers agreed that the menace is growing.

Assurances that heads of large industries are supporting the credit men's project were brought to the conference. Curtis R. Burnett, a past president of the Association, told of a conference he had with Thomas A. Edison, during which the inventor said he was fully aware of the growth of credit frauds.

Thomas A. Edison Is With Us

"I am with you," said Mr. Edison in indorsing the campaign and accepting a place on the honorary national committee.

During the conference the following telegram came to Fred P. Kinney of Boston from Frederick C. Hood, president of the Hood Rubber Company of Watertown, Mass.: "You have my hearty approval of your scheme and the use of my name."

Mr. Burnett in outlining the growth of credit frauds in the United States, reported that commercial failures had jumped from 8,881 in 1920 with total liabilities of \$295,000,000, to 20,500 in 1924, with the liabilities aggregating \$542,000,000.

The credit men by a formal vote unanimously decided that not less than \$250,000,000 of the 1924 losses was due to fraud.

"The crooks have changed their methods in recent years," said Mr. Burnett. "A few years ago we used to hear of a great many train robberies. But what happened? Poses were formed, these fellows were followed. If they were

found they were summarily dealt with. Now the crooks have turned to the more fertile field with which we are all connected, the commerce and industry of the country, because it is a sure thing and up to now has been easy picking.

Gordon L. Reis, of the Wagoner & Reis Commission Company of St. Louis, told the conference that in St. Louis recently it was discovered that the head of a well-known gang of gunmen had gotten into the commercial crook game.

"It takes less personal risk and promises possibly greater profits than the more violent means of securing wealth illegally," said Mr. Reis. "We now have to watch the ordinary crook, who usually is committing only crimes of violence. He is getting into this game."

C. D. West ("Zephon"), manager of the Department of Credit Justice, said the credit men must have concerted action to successfully combat credit frauds. "The commercial crook has watched the growth of this movement and so have many of their 'legal advisers,'" he said.

"The psychology of some credit men up to this time has been one, you might say, of indifference. They don't want to bother. They simply charge it off, never stopping to think that they are responsible for the whole thing, never stopping to think that every time they accept one of these composition settlements or fail to look into what might seem a fraudulent failure, that they are helping the commercial crook.

Crooks Watching Campaign

"The commercial crook and his ally—the disreputable attorney—are now watching the movement that is being inaugurated. If this effort fails it is going to be disastrous to the business interests of the country.

"If you succeed—as I am confident you will—in raising this fund and carrying out your objective, the very fact that you have done so will be worth more than the million dollars which you raise."

The operation of the Credit Justice Department was explained by W. B. Munroe. Hon. William A. Prendergast, of the Public Service Commission of New York State and a former secretary of the National Association, was one of the speakers at the luncheon.

"This is a great piece of practical endeavor," Mr. Prendergast declared, "and it will be one of the finest monuments to the Association's endeavors. I not only wish you the greatest success; but I am sure you are going to secure it."

It was reported that the Credit Justice Department now has under investigation more than 116 cases, but that that is merely a drop in the bucket compared with the amount of investigation work required to meet the emergency. It was explained that the Association proposes to spend \$500,000 a year to maintain and equip a detective force specializing in cases of credit crime referred to the Department by members of the association; to establish in addition to the department's New York office, administrative offices in Chicago and San Francisco, to place investigators in at least 15 strategic

centers of population throughout the country. The plan is one of the most portentous schemes ever devised for safeguarding American business.

It was the unanimous opinion of the conference expressed by formal vote that such a machine once in operation would save business houses of the country not less than \$100,000,000 a year.

Joseph Karr, of Samuel Sternberger & Co. of Philadelphia, pointed out that honest merchants at times were compelled to sell their merchandise below cost because of competition in the sale of bankrupt stocks in their communities.

"I think that is the one great reason why we should protect all our customers and have a fund of at least this size to put the dishonest man out of business and give the honest merchant a chance to exist," Mr. Karr said.

William H. Pouch, president of the New York Credit Men's Association and a director of the National Association, presided at the conference. Hon. Garrett W. Cotter, assistant United States Attorney for the Southern District of New York, in an address at the luncheon praised the work of the Association and urged the co-operation of all the members in establishing the Credit Justice fund. Others attending included:

Julius Forstmann, president of Julius Forstmann & Company, New York City; William Bianchi, president of William Bianchi & Co., New York City; Curtis R. Burnett, American Oil & Supply Co., Newark; W. F. H. Koelsch, president of the New Netherland Bank, New York City; Fred P. Kinney, treasurer of Kinney Manufacturing Co., Boston; William Fraser, J. P. Stevens Co., New York City; Walter P. Miller, president of Walter P. Miller Co., Philadelphia; John Johnson, Clawson & Nilson Co., Buffalo; H. B. Gillespie, president of Michigan Stove Co., Detroit; C. W. Steeg, Hugh J. Baker Co., Indianapolis; H. K. Slezak, Burnham-Munger-Root Dry Goods Co., Kansas City; T. K. Cree, Alling & Cory, Pittsburgh; L. I. McQueen, Pittsburgh; C. F. Meek, vice-president of the American Exchange National Bank, New York City; E. B. Heyes, W. & J. Sloane, New York City; Joseph Seligman, Cohen, Goldman & Co., New York City; J. L. Medler, Atlas Portland Cement Co., New York; E. P. Tuttle, Atlas Shoe Co., Boston; J. E. Norvell, Norvell Chambers Shoe Co., Huntington, W. Va.; A. T. Rickards, H. K. Mulford Co., Philadelphia; John Wood, Richmond Dry Goods Co., Boston; Clifford Pierce, vice-president of Cleveland Association of Credit Men; Richard T. Baden, of Holland, Baden & Ramsey, Baltimore; W. W. Orr, Dr. Frank Fall, B. B. Tregoe, Rodman Glider, C. D. West, John W. H. Ross, New York; E. B. Moran, manager of Central Division of National Association of Credit Men, Chicago, and W. Randolph Montgomery, counsel for the National Association.

Mr. Koelsch summed up the meeting at the close by saying that in all the years he had attended conferences of credit men, this conference impressed him the most because of its sincerity, enthusiasm and the evident determination of all those present to make the campaign a success. He alluded to differences of opinion and questions of policy which needed to be settled in conferences as the campaign progressed, and added that the object of the campaign was pre-eminent important to American business as a whole and that all these questions would fade into insignificance in the light of the central objects of the campaign.



When Guerilla Efforts Failed-- The Sheriff's Posse Took Hold!

HORSE thieving once ran unabated throughout Texas in spite of all individual efforts to prevent it.

It was not until the Sheriff's Posse was organized that justice was visited surely and swiftly.

Railroads soon became a popular prey to the outlaw who operated fearlessly until a nationally organized effort, with the visitation of certain punishment, checked this growing evil.

Today the Credit Crook Threatens Our National Commerce

Some business men still suffer credit losses in silence, regarding them as "A Necessary Evil"; but generally speaking the attitude of the public has changed and everywhere is heard the plea for

Credit Hygiene

This means safe and honest business

Government Departments, District Attorneys, and Local Credit Associations are all doing splendid individual work to check the spread of Credit Crime.

But it will not be until a National Movement has been organized and properly financed that this plague of Credit Crooks which commerce is suffering from will be wiped out.

Armored cars, guards, and steel vaults will not protect the merchant from Credit Fraud. This must be prevented by education, in exposing the methods of the criminal; by vigilance in detecting plots before the crime is perpetrated; by scientific and efficient investigation in securing the evidence and detecting the criminal and finally by swift and sure prosecution for the offender.

That Is Organized Credit Hygiene

That is what the \$1,000,000 National Fund for the Suppression of Credit Crime will accomplish.

It will operate locally over the entire country.

It will benefit Nationally.

It will bring to business and the individual firm, the maximum protection at the minimum cost; the most widespread and successful results with the least individual burden.

Organized Credit Hygiene is not only desirable and wanted in business,

It is Needed!

Leaders of Campaign to Raise \$1,000,000 Fund For the Suppression of Commercial Crime

NATIONAL CHAIRMAN

William H. Pouch, President, Concrete Steel Co., New York.

NATIONAL COMMITTEE

- | | |
|--|---|
| John L. Alcock, President, Association of Commerce, Baltimore. | Charles A. Hinsch, President, Fifth-Third National Bank, Cincinnati. |
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| William H. Folwell, Vice-president, Folwell Brothers & Company, Philadelphia. | H. A. Smith, President, National Board of Fire Underwriters, New York City. |
| Julius Forstmann, President, Julius Forstmann & Company, Forstmann Huffman Company, New York City. | John W. Staley, President, People's State Bank, Detroit. |
| John H. Fulton, President, National Park Bank, New York City. | Ralph Stone, President, Detroit Trust Company, Detroit. |
| William A. Gaston, Chairman, Executive Committee, Shawmut National Union Bank, Baltimore. | John M. Townley, President, National Hardware Association, Philadelphia. |
| Phillips Lee Goldsborough, President, National Union Bank, Baltimore. | Ernest T. Trigg, President, John Lucas & Company, Philadelphia. |
| Fred G. Gruen, President Gruen Watchmakers Guild, Cincinnati. | Joseph Wayne, Jr., Girard National Bank, Philadelphia. |
| William P. G. Harding, Governor, Federal Reserve Bank, Boston. | A. E. Weinberg, American Wholesale Corporation, Baltimore. |

NATIONAL EXECUTIVE COMMITTEE

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| Champe S. Andrews, National Folding Box Co. New Haven. | C. A. McCormack, Johnson & Johnson, New Brunswick, N. J. |
| William Bianchi, William Bianchi & Co., New York. | Victor Montenyohl, B. F. Goodrich Rubber Co., Akron. |
| E. H. Burgess, Edward Hines Lumber Co., Chicago. | W. B. Monroe, Supplee-Biddle Hardware Co., Philadelphia. |
| Curtis R. Burnett, American Oil & Supply Co., Newark. | William H. Pouch, Concrete Steel Co., New York. |
| George J. Gruen, Gruen Watchmakers Guild, Cincinnati. | Henry Rice, Rice-Stix Co., St. Louis. |
| Lee M. Hutchins, Hazeltine & Perkins Drug Co., Grand Rapids. | C. P. Sadler, American Radiator Co., New York. |
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New Styles in Credit Crime

Commercial Crooks Increasing in Ingenuity

By Garrett W. Cotter

Assistant United States Attorney, Southern District of New York.

THE man who is making depredations on honest business is getting more and more adept in his calling. Formerly a favorite way of obtaining goods without any intention of paying for them was to adopt the name of a good reputable concern and take advantage of the fact that mercantile periodicals gave no address whatever, but only "John Jones, New York City." This man would assume the name of John Jones and proceed through the use of the mails to order vast quantities of merchandise. Credit men would look up John Jones and be glad to fill the orders because of his rating.

But this scheme was too easy to last. The Federal government became interested, instituted prosecutions and sent a number of credit criminals to prison. It became necessary for the crook to improve the old devices.

Today a popular method of this kind of commercial crook is to look about for some concern that has borne a good reputation through years of honest effort and that, because of sickness or death, or for some other reason, wants to dispose of its business. The commercial crook generally has plenty of money at his command. He approaches the owners of the concern and offers to take over the business at a small initial payment—always paying down the smallest amount of cash possible.

Once in control of the business he proceeds to call in an auctioneer and sell the concern's merchandise on hand. In this transaction he usually got back more than the amount of his first payment.

Then he is ready to get down to business. Twelve or thirteen trained buyers—trained in a certain school!—are sent the length and breadth of the land; and in thirty, sixty or ninety days these buyers have bought goods worth hundreds of thousands of dollars, the manufacturers and jobbers assuming that they are dealing with the men who have carried on an honest business for many years.

That is the latest way of getting goods on credit without any intention of paying for them.

A Padded Bank Account

Another case which recently came to the attention of the United States attorney's office in New York was that of a certain merchant who, having passed through the bankruptcy immunity bath three times found that his credit was gone. He could buy no goods at all. So he went to his lawyer who had taken most of his ill-gotten gain through representing him in the former businesses, and said: "If I can show a substantial bank account, I can go out and buy all the merchandise I want and I have a man who will take the merchandise at forty cents on the dollar as fast as it comes in."

The lawyer told his client to have this prospective purchaser give him a check for five or six thousand dollars on one of



HON. GARRETT W. COTTER

the many businesses he had run in the past.

"It makes no difference whether or not the check is good," said the lawyer.

The next day the client returned with a check for \$4,700 of a corporation that had long since passed out of existence.

The attorney then telephoned for a man whose business was to secure new accounts for an obscure bank in Manhattan. The merchant told the bank representative he was very anxious to show a substantial deposit if only for a few minutes. The lawyer explained that his client had a check for \$4,700.

"Have you any cash?" asked the bank account solicitor.

"Yes, \$300," said the merchant.

Then all three proceeded to the bank where through the operation of the man securing new accounts the merchant was given a bank book showing a deposit of \$10,000. It was managed this way: The bank representative took the \$4,700 check, which was worthless and the \$300 cash, and at the same time gave the merchant a check for \$5,000, in all showing a deposit of \$10,000. But simultaneously with giving the merchant the \$5,000 check he took back from him in the name of the new concern a \$5,000 check. This offset the \$5,000 one from the bank.

In the next few days the \$4,700 check came back, of course, and there was just \$300 in the bank representing the \$10,000 balance that the depositor had been able to show in his book. But on the strength of the \$10,000 which had been recorded in his account for a few minutes the merchant issued a financial statement and secured over \$100,000 worth of merchandise in ninety days.

Not quite so ingenious but with greater

ramifications was the case of a young man who passed through the bankruptcy court in New York about a year ago. With the money that he had made out of his fraudulent bankruptcy he went to a Pacific Coast city and opened up quite an establishment, purchased merchandise from various concerns in small amounts and paid for it promptly.

Then he came to New York and, using his new creditors as references, he purchased large amounts of the most valuable merchandise obtainable. When the goods arrived in Los Angeles he bought large trunks, the largest he could find, which he proceeded to fill with his new purchases. Then he shipped the trunks to New York in the names of some friends.

A Slender Clue

C. D. West, well known by his code name "Zephon," manager of the Credit Justice Department of the National Association of Credit Men, got a telegram from Los Angeles telling what the man had done and requesting his arrest. The telegram gave only the man's name and the request to seize him and as many of the trunks as possible.

An investigator from Mr. West's department came to my office and we decided to start our search at the various railway stations because the trunks were shipped on passenger tickets and a great deal of excess baggage had to be paid on them. We were able to trace them, finding that on a certain day twelve trunks loaded with merchandise came to a railroad station and that some man had called for them with the passenger checks. He did not have a regular expressman, but an unmarked vehicle that was not known to anyone at the station.

About three months later this man was arrested in Chicago, a bankrupt, and on the fly-leaf of a notebook he carried were two addresses, one in New York and one in Brooklyn. Getting that information, the investigator from the National Association of Credit Men proceeded to one of the addresses. It was on the fifth floor of an East Side tenement, the last place in the world you would expect heavy trunks to be carried.

The investigator went up and questioned the woman in charge. She denied that any trunk had ever reached that place; but her demeanor made him suspicious. We called the woman and her husband to the United States attorney's office and told them that this bankrupt had defrauded New York business men, and that we knew they were no part of the scheme but, if they insisted on hiding the goods, the government would make them equally guilty. They then admitted that four or five trunks filled with merchandise were in their tenement.

That husband was one of the simplest men I ever talked with in all my life. On the day the Los Angeles merchant arrived in New York he approached the occupants of the tenement and asked if

(Continued on page 44)

Proposed Bankruptcy Rules

Chief Justice Taft Acts on Credit Men's Recommendations

By W. Randolph Montgomery

THE Chief Justice of the United States recently submitted to the associated justices of the Supreme Court, suggestions for amendments to the general orders in bankruptcy, most of which had their origin in the Bankruptcy Law Committee of the National Association of Credit Men, and which were proposed to the Federal Judicial Council by the National Association of Credit Men after conference with representatives of the American Bar Association and the Commercial Law League of America.

There is now pending before Congress a bill known as H. R. 5426, embodying amendments to the Bankruptcy Act, which, if adopted, will, it is believed, in conjunction with the new proposed general orders, do much to end the abuses in bankruptcy practice which are the subject of general complaint.

Amendments to the general orders as proposed by the Chief Justice are aimed at frauds which have been perpetrated in bankruptcy through collusion of bankrupts and creditors and creditors' representatives, and any unnecessary expense in the distribution of bankrupt estates.

The Proposed Orders

The proposed Orders are as follows:-

GENERAL ORDER V

"To be amended by adding at the end thereof, the following:

Petitioners in involuntary bankruptcy proceedings whose claims rest upon assignment or transfer from some other person shall annex to one of the petitions filed all instruments of assignment or transfer, and an affidavit stating the consideration paid for the assignment of such claims, and alleging that the affiant is the legal and beneficial owner thereof, and they were not purchased for the purpose of instituting bankruptcy proceedings based upon them."

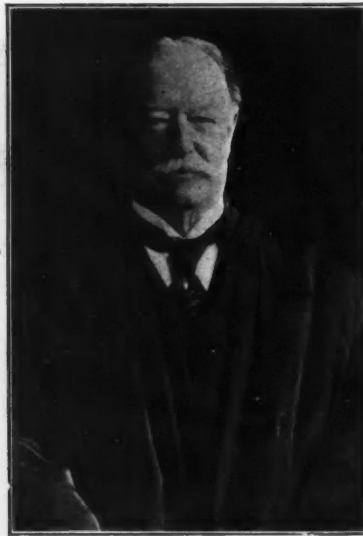
The purpose of this order is to put an end to the practice of using dummy creditors for the purpose of filing petitions. Petitions in large numbers have, in the past, been filed in New York City in the names of stenographers and other employees in the office of the attorney for the petitioning creditors, and not infrequently claims were brought for the express purpose of filing such petitions. This rule should prove an effective obstacle to the continuance of such practices.

GENERAL ORDER XIII

"To be amended by inserting the following paragraph as Section 1:

1. No receiver, or his attorney, shall solicit any proof of debt, power of attorney, or other authority to act for, or represent any creditor for any purpose in connection with the administration of the estate in bankruptcy, or the acceptance or rejection of any composition offered by a bankrupt."

That receivers in bankruptcy who are officers of the court should solicit proofs of debt and powers of attorney, is contrary to the purpose of the Bankruptcy Act and out of harmony with the true function of a receiver as a disinterested custodian. The proposed amendment to General Order XIII expressly forbids re-



Underwood & Underwood

CHIEF JUSTICE WM. H. TAFT

ceivers and their attorneys from soliciting the representation of claims. Receivers have frequently perpetuated themselves in office as trustees by soliciting and securing such representation. In many instances thus defeating free action on the part of the creditors in selecting a trustee.

NEW GENERAL ORDER

"Appointment of Receivers.—A receiver or marshal appointed by the court, pursuant to the provisions of the bankruptcy act to take possession of the assets of a bankrupt, prior to the appointment or election of a trustee, shall be deemed to be a mere custodian within the meaning of section 48 of the act, unless his duties and compensation are specifically extended, by order of court, upon proper cause shown."

The provision in the foregoing Order that receivers shall be mere custodians unless additional duties and compensation are specifically extended by the Court for cause, is intended to secure greater economy in the administration of assets. It will also tend to reserve to the trustee the liquidation of the assets of the estate, to whom this function properly belongs

NEW GENERAL ORDER

"Waiver of dividends, fees, or combination in composition cases:

Before entering an order confirming a composition, the court shall require all persons who may have waived dividends or fees or compensation to set forth in writing and under oath all agreements with respect thereto, whether with the bankrupt, his attorney, or any other person whomsoever, and there shall also be required an affidavit by the bankrupt that he has not directly or indirectly paid or promised any consideration to any attorney, trustee, receiver, creditor, or other person in connection with the composition proceedings except as set forth in such affidavit or in the offer of composition."

The foregoing order is self-explanatory. Its purpose is to curtail composition frauds which have been all too prevalent in the past. A favorite method for obtaining the confirmation of a composition is upon the promise of special reward to creditors or their attorneys for consenting to and assisting in the ratification of composition offers. If this rule is strictly enforced by the District Judges it should prove a deterrent to one of the most serious abuses to which the Bankruptcy Act has been subjected.

NEW GENERAL ORDER

"All attorneys, accountants, auctioneers, appraisers, receivers, and trustees, requesting allowances from bankrupt estates for services rendered, shall file with the referee a petition under oath setting forth an itemized statement of the services so rendered, and the amount claimed therefor.

The statement shall also show the partial allowances, if any, already made. Such petition shall be heard and determined and allowances made thereon at the final meeting.

The referee shall send to the trustee, creditors and every known person in interest a written or printed notice at least 10 days before said meeting is held, stating the time and place thereof, and the allowances sought by the various petitioners.

Partial allowances, but only for actual outlay in the discharge of the services rendered, may be made by the court before such final meeting."

The foregoing order tends in the direction of greater efficiency and certainty as respects allowances from the bankrupt estates. It requires no special comment.

NEW GENERAL ORDER

"Denial of compensation to attorneys in certain classes of cases. The court shall have the power to deny the allowance of any fee to the attorney for petitioning creditors, or the reimbursement of advances, whenever it shall appear that said proceedings were instituted in connivance or in collusion with the bankrupt or that said proceedings were not instituted in good faith."

The foregoing order will give to the District Judges summary power to discipline attorneys who are guilty of filing collusive petitions or instituting proceedings other wise than in good faith by depriving such attorneys of any allowances out of the estate.

Involuntary petitions have heretofore been filed in many instances at the request of the bankrupt where the bankrupt desired to offer terms of composition to his creditors. Frequently the purpose of filing an involuntary petition in such a case was that the bankrupt could get off with a smaller payment to creditors if he could make it appear that he was the victim of circumstances rather than the instigator of the proceedings himself. All so-called friendly petitions are not to be condemned and it is a question of fact in each case as to whether a collusive proceeding is, or is not, to the best interests of creditors. The foregoing order gives the court

(Continued on page 23)

Avoided Loss of \$920

Credit Interchange Bureau Report Proves Its Value

By Benjamin E. Cushing

Cleveland Association of Credit Men

EARLY in December the M. & M. Co., members of the Cleveland Association of Credit Men, and users of the Credit Interchange Bureau reporting service of the Association, received a first order in the amount of \$920 from a concern in Chicago.

Knowing nothing of this customer, Ned S. Cohen, credit manager of the M. & M. Co., asked for a report through the Cleveland Interchange Bureau, which bureau cleared the name through the Central Credit Interchange Bureau, St. Louis. The report showed first orders aggregating \$1,870 had been placed in three different markets with total high credit of \$2,750 in two other markets, of which \$2,600 was owing, and with the experience so recent that no paying comment was available.

Because the report indicated the placing of "promiscuous orders" without proper basis, the Chicago Interchange Bureau made a special investigation and wired the Cleveland Bureau facts about the company that indicated it not to be entitled to credit. This information was given to the M. & M. Co.

Rejected the Order

With this report in front of him Mr. Cohen rejected the order.

He wrote to the Bureau on December 9 as follows:

Credit Interchange Bureau,
Cleveland Association of Credit Men,
Engineers Building, Cleveland, O.,
Gentlemen:

Please accept thanks for your report on X. Y. Z. Company, Chicago, whose first order we hold amounting to \$920, and which, it is needless to say, we have no intention of shipping.

We are very frank in stating that if we secured but one report during the year, and that report served its purpose as well as this report has, the service would be worth the yearly subscription price.

You are at liberty to pass this information along if you desire to.

Very truly yours,

The M. & M. Co.,
(Signed) N. Cohen.

Nine days after this letter was mailed, namely, on December 18, the Cleveland Association received the following letter from the Chicago Credit Interchange Bureau pertaining to this self-same concern:

"You will no doubt be interested in knowing that the above concern was petitioned into bankruptcy on December 12 after having been in existence since about October 10. During this short space of time, however, they managed to accumulate between 180 and 200 creditors and known liabilities of \$50,000.

"There is every indication that the creditors' committee will push the inves-

CREDIT INTERCHANGE BUREAU NATIONAL ASSOCIATION OF CREDIT MEN Cleveland Association of Credit Men 336 Engineers Building CLEVELAND, OHIO									
Form No. 1									
The accuracy of this report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence in procuring, collecting, communicating or failing to communicate the information so gathered.									
REPORT ON									
X. Y. Z. CO., CHICAGO, ILLS.									
DEC. 12, 1924.									
BUSINESS OR SUB NO.	HOW LONG SOLD	HIGHEST CREDIT	AMOUNT OWING	AMOUNT PAID	UNPAID ON FIRST ORDER	TERMS OF SALE	MANNER OF PAYMENT		COMMENTS
							CASH	PAID WHEN DUE	DAYS ELAPSE
CLEVELAND DISTRICT									
AUTOA NEW					920				
MILWAUKEE DISTRICT									
BATT 1ST ORD					200				
CHICAGO DISTRICT									
C64					750				1ST ORD.
RHODE ISLAND DISTRICT									
MFG 30 DAYS		750	600			300			NEW A/C-NO EXP LS 11'24
CINCINNATI DISTRICT									
BATT 11'23		2000	2000			DTG-1-15 25			LS 11'24
CHICAGO BUREAU WIRES:-									
"PRESENT OWNER BOUGHT BUSINESS OCTOBER 10TH, CLAIMS MERCHANDISE ASSETS \$50,500 AND NO MERCHANDISE LIABILITIES; SAME STOCK WAS OFFERED FOR SALE SHORT TIME PREVIOUSLY FOR \$2500; IF STATEMENT OF ASSETS IS CORRECT, REASONABLE TO ASSUME LIABILITIES INCORRECT; OWNER CLAIMS TO HAVE PURCHASED BUSINESS FROM SAVINGS, BUT IS ONLY 32, MARRIED, AND HAS NOT EARNED OVER \$35. WEEK FOR PAST TEN YEARS. IS ADVERTISING STANDARD MERCHANDISE AT ALMOST ACTUAL COST. FROM INFORMATION AVAILABLE NOT ENTITLED TO CREDIT."									
COMPLETED EAW									

INTERCHANGE REPORT (ACTUAL SIZE 8½ x 11 INS.) THAT SAVED \$920

This Credit Interchange Bureau report showed that the "X. Y. Z. Company" had been placing orders in at least five different markets and that in three of these the company's first orders aggregated no less than \$1870. This report, in the hands of a credit manager, enabled him to save his concern a serious loss.

tigation that has already been under way for the past week to a successful conclusion.

"It is my opinion that this is a specific instance where the Interchange Service has been responsible for saving the members who made inquiry a substantial loss that cannot be measured entirely by the amount of the initial order."

It would seem that no stronger illustra-

tion than that embodied in this case would be necessary to prove:

First, the immeasurable dollar and cents value of Credit Interchange Bureau service to protect members;

Second, the importance of having well financed local and National Credit Justice Funds to investigate cases of this kind in order to determine promptly and clearly whether or not fraud has been attempted.

Creditable Filing Systems

Described by Users Who Are Expert in the Subject

A YOUNG woman who is now ensconced in an apartment, surrounded by a husband and son, tells of a ruse she once tried, when she was in commercial life, to get an increase in salary. She decided that the prospect of this event was too far in the future, so she stayed at home one day, having first been careful to put away the papers on which she was working. Those who attempted to do her work were not able to find what they needed, so the Department concluded that she was indispensable, and raised the figure on her pay check.

Whether or not this is strictly true, it does illustrate the way in which many firms used to keep their letters and records, and some do even to-day. Filing and unfiled were done principally from the memory of some one person. If that person were absent, or suffered any aberration of memory, the files were useless, for too much time was required for a search, though it might be successful in the end.

The importance of having desks that were convenient and of the right height was realized long before the importance of having filing equipment that was easy to operate and easy to handle became generally recognized. Working conditions in the factory were improved before company officials began to consider what the girls who were kept at the files all day needed in the way of comfort, and light, and air. Files were usually put in some dark corner, which could not be utilized for anything else.

But the last decade has seen a revolution in filing methods. In numberless offices, Kipling's "Files-on-Parade" is suggested by the well-ordered files, which indicate by their appearance that they are given full consideration as a vital working unit of the business.

The Method Used in a Large Filing Department

By Magdalen Van Gilluwe

Dir. Filing Dept., L. E. Waterman Co.,
(Pens.) N. Y.

THREE times in large offices (one being in the Chemical Warfare Department during the War), I have installed and operated the filing system, called the Automatic Index, which we are using here now, and I am convinced of its merits and smoothness. People sometimes ask me if the system is complicated, and my answer is, "If you can spell, you can use this file," and that doesn't mean you have to know how to spell Popocatepetl or hippopotamus.

The file is a straight alphabetical one, with the alphabet given 320 divisions. The primary guides are the surname of the individual or the first word of the company name. The secondary guides are the initials of an individual or the second word of a firm name. Miscellaneous folders contain scattering correspondence under alphabetical division. Know the folder you want, and there is no fumbling in laying your hand on it.

THIS is the second of twelve groups of articles on Office Mechanism prepared under the general supervision of Isaac Deutsch, of Steinfeld, Inc., New York, a vice-president of New York Credit Men's Association.

This new condition was inevitable with the advance in all business methods. Much credit, too, is due to the manufacturers of office equipment. Some of them have spent vast sums of money in research and investigation to develop the simplest and most usable systems for the maintenance of correspondence and order ticket and credit files—records which are the very backbone of a business.

The old wooden cabinets, subject to warping and wear and fire,—have disappeared from all modern offices. Instead, there is the metal cabinet, fire-proof (or as nearly so as possible), with drawers that are as light as can be to contain the valuable material they must hold, and operated on ball-bearing rollers, so they push back into place easily and then do not bound open again.

At the same time, all the large, standard companies sell more than mechanical perfection. They offer service in working out a system for the inside of the cabinet, which is practically foolproof and carelessness-proof, and adapted to the individual company. One firm, at least, has abandoned the practice of having any standard index but devises a special one to go with every installation it sells.

But, you will suggest at once, executives don't always know precisely what they want. No, they don't, so there are the cross references. Suppose a man sends word to the Filing Department that he wants "Frank Marsh's folder," because he happens to know Frank Marsh out in Ropeville, and he doesn't know what Marsh calls his business. The file clerk may not know either, but when she looks for Frank Marsh, she finds a blue guide, which indicates a cross reference, referring to Marsh's Pharmacy. With these cross references, which are necessary in almost any filing system, worked out carefully, there is no fear about not finding a folder.

The girls in our filing department stow away on an average 3000 pieces of mail a day, with a much heavier volume just before Christmas, so it is evident that we have to have a flexible system. To avoid all confusion and mistakes, it is an inviolable rule that no one outside the department is allowed to go into the files.

Another rule we have, and one that prevents folders from disappearing as they often do in large offices when taken from the files, is that an Out card shall always be put in when a folder is taken out. On this card is written the name

Guides are now made of durable board and mounted with metal rimmed tabs, so they do not need to be replaced every year. The labels are quickly read, whether they stand up boldly straight or are on a slant to meet the eye, for they are no longer untidy and illegible, as in the days when they were written by hand, but are all printed or typewritten. Different colors in labels reduce mere looking to a minimum, and a wanted folder can be found with the spontaneity of Jack Horner, "sticking in his thumb and pulling out a plum."

The trend of filing to-day is toward the straight alphabetical method, segregations sometimes being made first according to the divisions of a company's business, or according to districts, if company organization is based on these districts. Some systems provide a numerical check in connection with alphabetical indexing to guard against misfiling.

More attention is given now to the quality of filing folders—getting hold of manila tag stock which is tough enough to stand constant use, yet pliable, and seeing that the grain runs the right way in the stock. There are folders of heavier stock for certain kinds of files with clips or fasteners to hold all papers together; where many small receipts or bills of lading are to be kept, a file pocket or envelope is provided.

In fact, to get just what you need for the proper keeping of every scrap of paper or card in your office now, all that is necessary is to write to one or more suppliers of systems.

The CREDIT MONTHLY has asked representatives of some well-known companies that use creditable filing systems to explain some of the features they find advantageous.

of the person who got the folder out. He or she is responsible for its return, but, in the meantime, if any one wishes that particular folder, he can be told at once where to get it.

Orders, letters, reports—all are filed in the firm's folder or folders, so that each one is complete in showing the customer's relation to our company. Our credit manager has in his office a card file of customers, on which he makes notations when there is any change in credit standing or anything else to note; but all financial reports, and all correspondence relating to credits, come here. There is no wondering if a letter or paper "might be filed somewhere else."

I suppose you might say we believe in unification. We do in equipment as well as in the actual filing. Everything comes from the house which invented the system we have applied—not only cabinets and folders and guides, but the rests that fit on the drawer handles and even the stools the girls sit on, so everything fits.

And speaking of equipment, I do want to say a word about our cabinets. These in the Waterman office, we have had for six years now, and they have held up without a bit of trouble, and they don't show their age any more than the widow at a summer resort.

When a New Filing System Became a Necessity

By W. W. Brown

Assistant Mgr., The Fleischmann Company, (Mfgs. of Yeast,) N. Y.

THERE were several considerations which made us realize here over a year ago that we must reorganize and re-equip our filing department.

In the first place, there were purely mechanical improvements necessary. Our old cabinets were hopelessly inadequate. Such little things as the opening and shutting of drawers become very important items by the end of the day, if every time they have to be done with more than necessary effort. That was the case in our office. Girls were tired long before they should have been, because their arms had to make up for mechanical adjustments.

Then, we were fearfully overcrowded, making it difficult for us to get as prompt and full use of the files as we should have had. Finally, working conditions were bad. In the room used for filing, there was neither enough light nor ventilation. About three in the afternoon, the girls who worked on the files all day were fagged, and the rest of the day, they were hardly 30 per cent. efficient.

After a good deal of planning and shifting, we were able to turn over to the filing department a room on the ground floor where very little artificial light was required, and ventilation could be supplied by means of a large air vent, as well as windows. These fundamental requirements being taken care of, the next thing necessary was to decide on the physical equipment best suited to our needs. There are, I think, four standard systems at least, whose equipment and service are about equally good, so that the deciding factor may be some small feature or merely a personal preference.



IF YOU CAN SPELL, YOU CAN USE THESE FILES.

This was the answer given by the Waterman file expert when asked if her system was easy to operate.

Our cabinets are, of course, of the metal type and the mechanical performance is above criticism. No more aching muscles from the effort of closing the drawers, because they go back into place almost automatically. The attachable file rests are especially convenient, with their side clasps to hold papers.

I am particularly pleased with the tabs on our guides. They are made of metal and extend far down on the board in triangular shape so that there is no dan-

ger of their causing the card to become bent with much handling. They are durable as well as easily seen.

Although the nature of our business requires a good deal of division and subdivision in filing, our object is to make the files just as simple as possible, so that anyone who, in an emergency needed to get out some paper, could do it at once. Of course, the straight alphabetical file is the simplest of all, and this is the basis on which we expect to have our filing



CONSERVING THE OPERATORS' STRENGTH

The Fleischmann Co. considered of prime importance the welfare of the girls responsible for this important record department, and in reorganizing its filing system provided first a light, airy room and then equipment which would take a minimum of strength to handle.

done as far as possible when we gradually complete the installation of our new system.

This applies in effect to our credit files now. *Accounts* is the name of Division 10 of our general filing system, and this is reserved entirely for information and correspondence pertaining to credits. Since our organization is by district, it is necessary to keep folders for the various districts separately, but after this, the files are in straight alphabetical order.

In these files as well as in our general files, different colored labels are sometimes used for greater convenience. For example, permanent files are not only stamped as such but they have a blue label. In the personal file, where are kept all matters relating to individuals in the national organization, various colored labels indicating the nature of the correspondence make it very easy to find quickly the folder wanted.

The extent of our files is shown by the fact that we have thirteen girls in the department, a manager and two assistants. We have found the most satisfactory plan of operation is to have some girls file all the time, others to look up wanted correspondence all the time, and one young woman to act as a sort of detective, hunting any misplaced papers which are not found when called for. She has the right to go through the desks in the offices if she thinks the missing documents have been stowed away somewhere.

A tube by which correspondence may be sent up-stairs or returned to the file room saves much running back and forth on the part of messengers. There are probably other efficiency methods which we shall work out in time with the help of the service offered by the equipment company; but of this we are certain, that the installation of a thoroughly up-to-date filing system is going to save us time and money and patience this year.

The Advantages of a Standardized Office System

By Lloyd M. Trafford

Treas., Charles T. Wilson Company, Inc.,
(Rubber and Foreign Produce) N. Y.

SOMETHING over three years ago, we scrapped all the miscellaneous filing equipment we were using—a sort of hodge-podge it was—and standardized our cabinets, safes, and system of keeping everything we have to have on hand, supplies as well as records. How much time we have saved and how much efficiency we have gained, I cannot say positively, although I know it has been a satisfactory amount of both. But this I can say, that, while we have in our present office 25 per cent. less floor space than in our old office, the arrangement we now have for taking care of records, supplies and correspondence gives us 50 per cent. more counter space room and light than we had before.

Readers may wonder what filing equipment has to do with light. Precisely this, that our cabinets provide our counters. It is necessary for us to have ample display space for our samples and also a place to lay down large books when they are needed for reference. Instead of putting in counters which would not have served for any other purpose, we had our safes and many of our cabinets made 48 inches high, so that they may be used for tables and filing-places, without interfering in any way with the light.

Some of these cabinets have drawers in which samples are kept, classified, of course, so they can be found at once. Then, each stenographer has a cabinet for stationery and supplies, and the credit files occupy one end of the row.

The main correspondence files are not

included in this group, but are in one end of the room and of standard height. The research department of the company from which we bought our equipment worked out a filing system, eminently simple and yet suited to our needs.

The correspondence for the three departments of our business—Rubber, Produce, and Tea—is segregated, and each department uses a certain color for its carbon copies, so that no letter is likely to be filed in the wrong section or stay there. If a letter is received, relating to two departments, part of it is copied for one of the files.

The filing is strictly alphabetical, with our index dividing the alphabet into 75 divisions. This is not a stock division, but one which seemed suitable for us. The guides with their labels standing out boldly make it easy to find a name at once. I believe the idea back of this system is to do away with the necessity for mental spelling; the guides lead the eye to the name without any other mental process being necessary.

The metal tabs which are fastened to the guides have a great advantage in that they not only endure, but they have a rounded top, which avoids any roughening of the fingers on sharp edges or any catching of the papers.

Each active customer has a folder to himself, and some of these are further subdivided with folders for every few months. The miscellaneous correspondence is all filed at the end of a division.

Since I mentioned an increase in efficiency when I began this article, I might give a specific instance of it. When we used to keep our stationery supplies in a large general cabinet, we found there was enormous waste. Many people using it kept it in a constant state of disorder and handling spoiled quantities of stationery. Then frequently one form would be left on top of another, with the result that we



FILING CABINETS WITH A DOUBLE FUNCTION

The C. T. Wilson Co. has placed its correspondence files at one end of the office. The cabinets are of standard height and serve as partitions. A semi-private waiting room has even been devised within the walls of the filing system.

never knew just what we had on hand. Once we discovered that we had enough of one thing to last for ten years, and were completely out of another before any one realized it. Now, we keep all these supplies in filing drawers; they are not only kept in good order, but so classified that there is never any mistake as to when a reorder is needed.

The Credit Files in a Banking Institution

By A. F. Hoehl

Credit Dept., Bank of the Manhattan Co., N. Y.

IN devising our credit filing system, which has been one of gradual development, our main thought has been to have a system that would be as complete as possible, and yet be unelaborate and requiring not too much skill to handle. We have found that from time to time, as volume of filing matter increased, minor changes in the system had to be effected. Through a consolidation with a neighboring institution some five years ago, we were able to select and develop the best features of both systems for our increased needs.

Our files contain information on approximately forty thousand names scattered all over the globe. These are divided into four divisions, namely, customers, commercial paper, miscellaneous, and foreign. Each division is arranged alphabetically, with the exception of foreign files, which are first divided geographically as to country and city, and then alphabetically.

One of the most useful parts of our system is a visible index which lists the names of all concerns on which we have information, together with the filing division in which the information can be found, so that it is possible to tell at a glance whether we have a file on any name. These revolving indices utilize the space on top of our filing cabinets and are arranged alphabetically throughout.

The completion of the index required considerable time, but was done almost entirely during stenographers' and file clerks' spare moments and we have found that it has been well worth the time and cost involved.

The group of customers' files are most frequently referred to, and for that reason we have adopted a folder that is convenient to handle and will stand constant use. The outside covers of these folders are made of carefully selected press board with linen name-labels pasted on a protruding edge. To each cover is attached a patented clip by which is fastened the various data going to make the file complete. For example, on the left-hand side will be found statement analysis sheets, financial statements and inter-company correspondence relating thereto, and agency reports, and on the right-hand side, record of average balances, borrowings, etc., interviews and investigations and summaries thereon, together with comments on balance sheets and audits, inter-company correspondence, a record of inquiries, and our replies thereto, and newspaper and periodical clippings, all of which are filed chronologically. Each item of information has a specific location in every file and various colors of sheets are used to provide quick reference.

Although our filing system combines many of the same general ideas and forms in common usage in the credit department of other financial institutions, many changes have been made to adopt these to our own particular needs.



FILING CABINETS AND SAFES SERVE AS COUNTERS
These 48-inch-high cabinets, containing credit information, samples and stationery, are used as counters for the display of goods, etc.

A Tried Method for Credit Files

By W. F. Vosseler

Sec. and Gen. Mgr., R. C. Williams Co. Inc., (Wholesale Grocers,) N. Y.

THE biggest part of our filing comes in taking care of the salesman's order tickets which pour in at the average rate of 24,000 a month. These are filed in the simplest way possible. Each salesman's tickets are segregated, and then filed alphabetically, every customer, of course, having a folder and many customers one for each month. Inside the folders, the tickets are kept in chronological order, the latest being on top.

These files, as well as those for our regular correspondence, are superintended by Mr. Campbell, our office manager. For this reason, I do not think it is unbecoming for me to say that we have as neat a set of files both inside and out, as you would want to see. When you consider how fast the tickets pile up, this is no idle compliment.

The appearance of the cabinets probably has some effect upon the way their contents are kept. The cabinets are not only up-to-date in mechanical construction, but they are pleasing to look at. Although we have had them for some time now, the newness which is always inspir-

ing, has not worn off, and we are rather proud of them.

The cabinets were installed as part of a system which we put in, when we revised our book-keeping equipment and methods.

The credit files are operated separately in my department the system being that we have used for years, in fact, ever since I came with the firm, twenty-seven years ago. I do not know of a more satisfactory way for a business like this to keep its credit information right on tap.

Everything pertaining to a customer's credit is kept in side-opening envelopes, just the size to receive the Dun and Bradstreet sheets. This means that they are too small for the regular letterhead, but it only needs to be folded once to go in easily. The letters which go into these envelopes are those that concern the customer's credit standing, either written by him or by some of the companies he has given as references.

We order the cabinets especially made to suit the envelopes. There are two in a row, and they make as compact a form for credit records, as I can imagine. On the outside of the envelope, there are blanks for the name, date of application for credit, and for monthly ratings from the mercantile agencies in place of houses, also the names of references given, and the dates on which letters were sent them.



In planning this filing room, the proximity of the clerks' desks to the files was regarded as of first importance. These rows of cabinets are manipulated by a squad of girls who are officered by a chief and her assistants.

With this system, important papers do not get lost easily. When I want to look into a man's credit, and call for the reports on him, I do not have to be afraid that some of the papers will slip out of the folder while it is on my desk. Everything stays together.

Proper Organization and Time-Saving Equipment Both Necessary

By H. P. Reader

Credit Mgr., Cannon Mills, N. Y.

IN our organization, we have three divisions of filing equipment—one for contracts, one for general correspondence, and one for credits. I shall discuss only the credit files, since these are in my particular province.

In the credit department, there are three different files: (1) the visible index file, whose cards, filed alphabetically, contain a record of each customer's orders, payments and commitments. It is only the work of a moment for me to get from these cards, or have the man who posts the data give me, any information I may want as to how a customer's account stands. I can tell how promptly he is paying his bills (we do not keep on our books customers who do not discount their bills), what unfilled orders are on hand, and what his business during the year has amounted to.

When one of these cards has been filled, it is taken out and inserted in a file (2) which is a card index, filed geographically. A card for this file is originated when an account is opened. At the same time a card is originated for the visible index mentioned above. The geographical index carries only the name and address. When, for example, card No. 98 in the visible index is filled, it is transferred to the vertical geographical file and replaces the original geographical card.

Succeeding cards for the same customers are transferred from the visible index file to the geographical file. All of the visible index files when transferred are retained in the geographical because they make a continuous record of a customer's history. This file is complete in having the names of all our credit customers. This geographical file is for reference in the event of an unusual situation arising in some locality. For instance, if there is a disaster or a change in market conditions in a certain city, we can at once tell how many customers we have in that town and who they are. The names are looked up in the visible file with its up-to-the-minute information, and then a decision is made as to what action, if any, shall be taken, with regard to outstanding orders.

The third file (3) consists of letter size drawers containing a folder for each customer. The filing is entirely alphabetical.

Information on foreign customers is filed not alphabetically but geographically in all files. The reason for this is that foreign names do not lend themselves easily to alphabetical classification, especially when clerks are unfamiliar with foreign languages.

The operation of our files is on strict organization lines. All the young women who do filing have certain drawers assigned to them, and no one else is permitted to put in or take out a sheet of those drawers.

Every letter which goes into the Credit Files must be stamped to indicate that it has been duly taken care of. One of the stamps bears the words, "O. K. to File," with the date and name of the man who passes on it; another merely says, "Answered," with the name and date when the letter was written. Since every letter is stamped when it is received in this office, showing both date and hour of its arrival, these filing stamps not only protect us from the filing of letters or orders that have not been attended to, but they

also serve as a check to show how long a letter was held before being given attention. The rule of this company is that a letter must be answered or acknowledged the day of its receipt, provided it comes in before four o'clock in the afternoon.

Any letter in this department which belongs in the General Files is so stamped, and this is authority for filing.

Among mechanical features of filing equipment, I think one of the most important is the use of a high base instead of a fourth drawer. Few people realize how much it costs them to have filing done in the drawer which rests nearly on the floor, for efficiency is so greatly reduced. Even in an office where floor space is very expensive I think it pays to use only three-drawer cabinets.

One of the important advantages of our present cabinets is the automatic latching device for the drawers. Since the release knob is just underneath the handle, there is only the one operation to open a drawer, and then when it is pushed to, there is no danger of its coming open again.

I find that the glass legs on our cabinets are very desirable, too. They are sanitary and make the cabinets much easier to move. They are made of heavy glass, and so they are not easily broken, as might be thought.

The seats which our file clerks use have rollers on them, and I believe this is an advantage in changing position. They are made of metal with a slightly curved, perforated seat, which makes them more comfortable.

"Book-keeping Machines" Next Month

THE subject to be covered next month (March) in this series on Office Mechanism will be book-keeping machines. The articles will describe machines in actual use that take the place of old-fashioned methods of book-keeping.

Binding Customers to House

Big Task of Salesmen and Credit Man

By Ralph H. Moulton

Polson Implement Co., Seattle, Wash.



While we can't assassinate the boy, he must be shown that the family interests require that he act politely to the "wealthy uncle."

THE problem of sales distribution in most lines is the most difficult that confronts the business. When a new enterprise is to be opened up a careful study of the territory to be operated is made, the available avenues of output studied and the class of goods to be sold considered in order that efforts may be exerted where the largest returns will be had with people ready to buy and able to pay.

A careful survey is made of merchants in the new field. The salesman who is to cover the new route is given a list of concerns graded to indicate comparative desirability from the credit department's point of view, because the house that secures a line of accounts of highly rated merchants or dealers has a more satisfactory outlet for its goods than one which is selling small and weak concerns. The results are better for the sales department as well as the credit department.

Sales departments appreciate this and are instinctively trying to line up the better grade of accounts. Credit departments are, of course, vitally interested in the class of accounts they are carrying. It would be an ideal situation if enough were to be had through accounts of high standing. Since this cannot be, the next step is to safeguard the accounts that have weak spots and try to build them into better credit risks.

This is not the job of the credit man alone. The salesman must become an able ally, in fact, an auxiliary of the credit department. His opportunity for constructive work in building up customers is unlimited. The credit man is always seeking information about his customers, and has to, because the standing of customers is constantly changing, their position either improving or weakening. It is impossible for a credit man to visit personally every customer and he must

depend upon the salesman, who may be likened to a scout in war. Every bit of news that the salesman hears, whether good or bad, should be forwarded promptly to headquarters.

At every cross-road, in every hotel, in every auto-stage and in every talk with a fellow salesman the opportunity for obtaining information presents itself. Information pointing to a dangerous tendency should be speedily sent to the office. If it indicates that the dealer is improving his finances, developing new trade, extending his operations, this news also should be sent to the office in order that renewed effort will be stimulated to increase the business with the customer.

The salesman should systematically make memoranda of news of any nature that may come to him and promptly mail it in. These items may be small in themselves but may lead to investigations and research that will develop highly important facts.

Attention to these news details is doubly important in the case of weak accounts. By carefully watching a customer's progress and by timely advice and counsel to the customer such as the salesman can give, the small merchant will grow into a large merchant with ample resources. *Most live concerns were not long ago much smaller than they are today.*

Salesman and Credit Man Studying Accounts Together

Many salesmen feel that the credit man has been unfair in the way he has handled his orders. When that feeling enters, does the salesman brood over the matter and complain that the credit man played favorites, or does he have a heart to heart talk with the credit man about the order? The salesman and credit man ought to go over every weak and small account, discuss them together and get

each other's slant. The result will be better understanding and greater mutual confidence and probably a greater respect for the credit man's judgment and capacity.

If the salesman knows that the credit department is having trouble with an account, he should ask if he can be of any assistance and in this way make the credit man the best friend he ever had.

In the early days of business the head of the house performed many duties. The business was largely a one-man affair. The proprietor directed the salesmen, watched the accounts, wrote the collection letters, financed the business. In fact everything passed under his hand. The growth of the business compelled changes. Departments came into being. One of the most successful salesmen was employed to watch over and direct the other salesmen; the most likely man in the clerical end of the business was moved up and gave all his time and attention to watching accounts, writing collection letters and occasionally making a trip to see a "sick" customer. Gradually the department lines became more marked until a situation was reached where in some cases, the lines between the departments have become hedges. Sometimes a high wall with a gate generally closed has been erected between the two departments.

Let us have the credit and sales departments divided by only a line and an invisible line at that!

The salesman,—whose best ally is the credit man,—holds a high and responsible position, because the dealer and merchant know the house largely through the salesman; its reputation for straightforward dealing, the quality of its merchandise, the service it renders are reflected by the salesman. It is essential that the high position he occupies be fully lived up to and the test of his efficiency is the strength of the bond between his customers and the business.

Jim Walton—Reporter

By F. R. Otte

IN THE LITTLE HAMLET of Dwyersville, Hickok's Hotel is commonly known among the traveling fraternity as Hick's Joint. For many this was the last stop of a long, lonely route; a village hostelry which only added to one's depression when he was forced to spend an evening in its musty, lamp-lit parlor.

The gloom of the place never failed to give Jim Walton the homesick blues. This mood gripped him each time he pushed his way through the heavy door and heard it settle back with the sharp metallic clank of a prison gate.

At the desk it was always the same laconic, "Howdy," from a bald headed clerk and then Jim's—

"Any mail, Mr. Masters?"

Without answering the question, Dwyersville's combination bellboy, town clerk, and band leader, drew a thick envelope from the rattling cash drawer and handed it to the salesman. The latter looked at it suspiciously, pausing to squeeze the edges gingerly. He had expected a check from the house, but hardly in so auspicious a package. Retiring to the parlor, Walton lit his pipe and then quickly drew a pencil through the flap of the pretentious envelope. When the contents were disclosed it would be difficult to say whether disappointment or disgust were registered as his most poignant emotion.

With an angry gesture, he spread the numerous printed sheets on the bowlegged desk in front of him. They were uniform in size and each one was labeled in bold type: "SALESMAN'S CREDIT REPORT BLANK." With scant examination, he muttered words which lost none of their malignity as he labored through the long paragraphs of the letter enclosed from his credit manager, Paul Denton.

This communication informed him in rather unctuous terms of a new system inaugurated by the credit department, a system which required each salesman to make a complete report on his customers. The carefully worked out formula of antecedents and financial data called for elaborate detail—such information as would enable Paul Denton to make a careful analysis of each order prior to acceptance.

"Reports—reports—REPORTS!" The vehemence of Walton's ire rose with each repetition as he continued:

"Reports for salesman, reports for advertising manager, reports for the president, reports for all the rest of the bench warmers—and now these for Dent!" He struck the desk a sharp blow until it wobbled dangerously. "Hired as a salesman, trained as a reporter—and made a bum! Well, here's where I quit. When Dent gets a report from me, it'll be from the master of the morgue—for insurance purposes, and that's all—blah!"

With a gesture of defiance he swept the letter and forms into the wastebasket and stamped angrily to the dining room. There for the better part of an hour, he confided his troubles to a fellow traveler whose nodding silence betrayed an inner boredom.

A week later Walton had cooled down

sufficiently to undertake writing a letter which was quite, but (from his point of view) not too acrimonious. This he mailed to Dick Blair, his salesman manager, and a copy he injudiciously sent to Denton.

The meeting which then ensued between Denton and Blair in the latter's office was not a pleasant one. The salesman manager of the Stippley Shoe Co. had bucked the credit report idea from the very first—realizing better than any of the other executives the difficulties already encountered by the men on the road. And thus he felt that the burden of further reports would be ungraciously received by the sales force. It was also true, however, that he was at this moment considerably piqued in realizing that Walton's absolute refusal to undertake further paper work had been brought so undiplomatically to Denton's attention. He had intended to handle the situation more tactfully.

"I can't make him do it," he retorted to Denton's angry protest; "and I suggest you simply let the matter drop for the time being. Later, perhaps we can bring him around."

But Denton was not so easily appeased. "Walton's the only one who hasn't come across," he replied warmly. "You ought to have better discipline—and you've got to make him!"

"Discipline! Got to—got to! Say check that a bit!" Blair was thoroughly aroused. "Walton's the best man on our list. A big leaguer—the best shoe salesman in the west—say, got to—what do you mean?"

Denton shrugged his shoulders. He scarcely dared to carry the controversy further; and without another word wheeled out of the office and back to his desk.

Two months later as the train approached Warren, Jim Walton smiled when he recalled the incident. His two letters had prompted no reply and in this he felt that the matter of office reports had been admitted as a blunder, and the controversy tacitly dropped.

"Takes a man to show 'em," he chuckled, and from that moment treated every request for information with equally silent disdain. Of course, behind the immediate merriment was the thought of Warren as the shrill whistle of the locomotive told him they were now in the block. For after an absence of several months he was back again at his favorite market. Warren was always assuring to his order book. Eaton & Stone never failed to give him almost their entire business. Thus it was a bit of a shock to learn at the hotel that the long established partnership was about to dissolve.

In the morning Walton hastened over to the store intending to play innocent and hoping that he would find the rumor was only a bit of small town gossip. As usual he turned his entire attention to Eaton who fortunately happened to be the buyer. Stone was a man hard to understand, as taciturn as Eaton was sanguine. It was perhaps Stone's own appreciation of their temperaments that had led him from the very first to leave the buying and selling functions primarily

to Eaton while he kept more in the background, engrossed in the detail and financial matters. On many a trip Walton never saw Stone at all—except perhaps just a glimpse of his bald head when it showed above the desk.

Not content with the meagre details of the pending dissolution, Walton took Eaton to lunch with him and there learned that the old concern was actually completing its last week in active partnership.

"Well, Jim," (Eaton was speaking with just a trace of regret in his voice,) "it's twenty years we've gone it together. Sol Stone is a queer chap—but I'm getting old, and as long as he wants to buy me out—why not sell? Now's the time to salt away the profits. Never can tell what'll happen nowadays. Sol's still young but perhaps I'm losing some of the gambler's punch. Of course, I won't have to live off the interest from my share. Sol promises me a life job as his clerk and buyer. So that's that."

"How about us?" Walton ventured.

"Oh, you folks are all right. I don't think Sol will want to try a new line; but of course he's queer—can't always tell. Times have been when I had to press him pretty hard to keep your line."

Walton passed a cigar across the table, lit his and after a moment's silence remarked:

"I'm mighty sorry to see you quit, Henry. But there's a week left so I get one more order from you, eh?" He tried not to show any hesitancy as he asked the question, but he was fearful of the reply.

Henry Eaton shook his head. "Not this time, Jim," he answered. "But I tell you what. You work back this way, say in about three weeks. Sol will have things pretty well shaken down by that time and we'll need a new stock. I'll see what we can do."

Back at the store, Jim Walton made a tactful move in forcing Stone out of his seclusion by addressing to him a diplomatic speech referring to the old days, to future successes—and winding up with a bid for continued business. Sol Stone, although listening considerably, was entirely non-committal and brought the conversation to an end by asking the salesman to notify the firm about the dissolution.

Walton assented, and left the store in an unhappy frame of mind, wondering if one of his best customers was now to become a thing of the past. In dealing with men like Sol Stone he was always pessimistic.

Four weeks later, however, when he returned to Warren, he was encouraged to find no apparent difference in the old establishment. The new sign was the only indication of a change in proprietorship. Henry Eaton was on the job as usual. Sol Stone had been suddenly called away and his return was problematic. Ignoring this fact, Walton spread out his samples and was soon lost in his old time enthusiasm as he displayed new lasts and special sport models. His attack was irresistible and ended in an order which checked better than \$5,000. But when Jim handed him the blank for

his signature, Eaton momentarily hesitated. "Don't know," he said, "what Sol will think about this."

"You're the buyer, aren't you?" Walton smilingly retorted:

"Sure thing—that's my job."

"And you need the shoes—thirty days delivery, you know."

Again Eaton nodded. "Guess it's all right. It's not like buying a new line."

"Certainly not," and Jim Walton took the signed order and snapped it under the rubber band. Twenty minutes later he was gone. His quick, springy step betrayed a pride in his mastery of the situation; and added to this was the elation of knowing that once more he bid fair to lead the sales list. To assure himself that there would be no change of heart, he now wired in the order and specified RUSH. A delivery earlier than thirty days would help rather than hinder matters.

In the meantime Sol's absence dragged on longer than was expected. A week after his return, he remarked one morning:

"Henry, I saw a line in Chicago which looked mighty good; better prices, too. Guess we might as well send in an order. Suppose you check up and let me have the sizes we're short in."

"Going to quit the old line?" Eaton ventured quickly.

"Not exactly, but we'll let it drag to see how the new stock goes."

And then it suddenly occurred to Henry Eaton that he had been the victim of habit. Twenty years of purchasing without interference had played him a trick. He had thus completely forgotten the new relation of servant and employer, and in this failed to inform his recent partner of the order purchased from The Stippley Shoe Company. Apologetically, he now admitted the error and explained the circumstances.

Sol's reply was terse and to the point.

"Wire in a cancellation," he said.

Henry, figuring on a night letter, delayed until after the noon mail, in which he found an invoice from The Stippley Company. The shipment had gone forward two days previously. In spite of

this Sol was adamant. "Wire a cancellation—anyway," he replied when Eaton tried to reconcile matters.

Back at the office Salesmanager Dick Blair accepted the wire philosophically, and in reply sent out two others,—one to Stone refusing cancellation, and the other to Jim Walton ordering him to Warren.

"They can't get away with that," he muttered when he finished telephoning the wire. "It's a signed order."

Walton was a bit shocked by his telegram but Sol Stone received his unmoved. When the salesman appeared on the scene, Stone merely compressed his lips the tighter and said, "No!" For two

In the quiet of his room that night, Walton thought over his problem. At first he saw no reason for losing a suit on breach of contract should Blair decide to take a fall out of the imperturbable merchant. Then suddenly it occurred to him that he had forgotten to inform the house concerning the partnership dissolution—in fact had never really quite considered it necessary. This point distressed him. Years before in commercial school he had got a smattering of business law. Vaguely, it seemed to him that this point might work to their legal disadvantage; and this bothered him. Late at night, he finally confided his troubles to Dick Blair in a long letter reporting every detail to his salesmanager.

It was Friday the 13th when Dick found Walton's letter the first one in the pile stacked on his desk, and there was but little of the philosopher left when he finished reading it. It was especially unpleasant to remember that this unfortunate situation might have been averted had his renegade salesman obeyed orders and co-operated with the credit department in the matter of reports. Now he dreaded taking the case to Paul Denton. Their relations had naturally been strained by the earlier argument. Yet Dick suddenly realized that he needed Paul Denton the credit manager—was actually lonely for his sane advice. The necessity of suing to force acceptance was apparently imperative and the only move. To recall the shoes now would entail a tremendous sacrifice; they were a special assortment which if returned might drag in at the tail end of the season—difficult to resell, if not actually resulting in a total loss. When Dick

finally placed the situation before the credit manager, his own mind was quite made up. They must definitely lock horns with Sol Stone and bring him to terms.

Paul Denton heard the story calmly. Inwardly he was boiling with indignation. If not averted, this blunder might completely ruin his heretofore splendid low "loss" record.

"It can't be done," he quietly answered when Blair suggested they sue at once. "Why not?" there was something akin to amazement in the [Turn to page 38]



The salesman "looked at it suspiciously, pausing to squeeze the edges gingerly."

hours Walton used the finest tactics known to salesmanship, but it availed him nothing. Sol Stone was impervious and the more so when the conscious-stricken Eaton tried to side with his friend. And then Jim Walton lost his temper. The argument ended in a quarrel. With the battle apparently hopeless, the warm-tempered Walton punctuated his last acrid remarks with a,

"All right—we'll sue!" Which brought an equally acrid retort:

"Go to it, and see who wins!"



WE suggest as the slogan for the Association's Prosecution Fund Campaign "Hook the Crook by Hook or Crook," or perhaps "Ain't We Got Funds" would be better.

cCc

Speaking of the I. & P. Department, we have been asked to print the following invitation, which has been extended to three or four hundred gentlemen broom-makers who are the guests of the Government at a famous hostelry in Atlanta:—

"The pleasure of your company is requested at a

Tea and Bridge
To be given in honor of
ZEPHON WEST

To whose good offices your present position, including free room and board, is due.
R.s.v.p."

cCc

Dr. Ira Tating, the famous dietitian, has recently conducted some interesting experiments as to the effect of food on the human character. These experiments are particularly interesting to readers of "Foam" as both the subjects were credit men.

Subject No. 1: A man weighing 250 lbs., 6 ft. 2 in. in height, with dark, shaggy eyebrows, a heavy mustache, and jutting jaw, was for a period of eighteen months fed on a diet of mashed potatoes, creamed-spinach, endive salad and, for dessert, animal crackers soaked in milk.

Below is given the collection letter sent by him to a debtor immediately at the end of the experimental period:

"Kind Sir: It pains me greatly to remind you of an inconsequential matter which has evidently through unavoidable oversight missed your attention.

"Were it not for insistence on the part of executives of my Company, I would not for a minute consider the effrontery of thus addressing you regarding a small bill of \$10,000.00, which has been overdue for the ridiculously short time of ten months.

"If, through your gracious consideration you get around to this matter within the next eighteen months or two years and send us the check, the bald mention of which I trust you will bestow upon the writer the greatest possible favor.

"Trusting you will not consider me forward in so writing, I am

"You humble and obedient servant..."

Subject No. 2: A man 5 ft. 1 in., weighing 103 lbs., bald head, and with a decidedly hen-pecked expression. For the same period of eighteen months he was fed on fresh-killed venison, jerked bear meat, raw hamburger sandwiches and, for dessert, radishes in buttermilk instead of strawberries and cream.

The carbon copy of his first collection

letter after the experimental period is also given below:

"Sir: If you think you can get away with delaying our bill for three weeks, you are very much mistaken.

"If your certified check does not

come in within the period of the next ten days, I am personally coming out to your town and knock you for a row of concrete telephone booths.

Yours truly....
"P.S.—Maybe your undertaker will give you credit."

Credit Justice Cross-Word Puzzle

THE words, initials and ideas that solve this cross-word puzzle are found in this issue of the CREDIT MONTHLY.

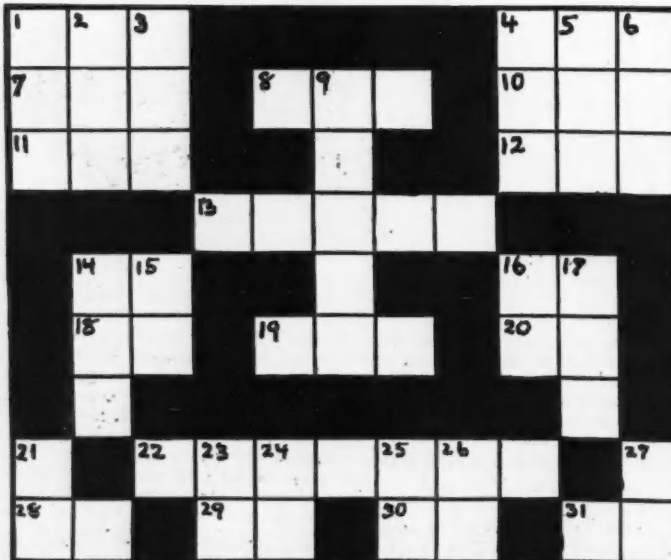
Send your solution to Dr. Regus Patoff, (late Professor of Triviology at the University of Rien) Puzzle Editor of the CREDIT MONTHLY, New York.

HORIZONTAL

1. Initials of a Virginian.
4. Initials of a well-known New York business man.
7. Initials of one who is in a high place.
8. Initials of the president of a nationally-known concern.
10. A military genius.
11. One who has faced the U. S. Supreme Court.
12. Three-fifths of the name of a Maryland credit leader.
13. The head of a great campaign.
14. Abbreviation for a seven letter word.
16. Initials of a State.
18. An article.
19. Abbreviation often used in naming a business.
20. Initials of a sea-port.
22. What credit men are seeking.
28. Thus.
29. Therefore.
30. What credit managers often have to say.
31. A preposition.

VERTICAL

1. Initials of a dry goods credit expert.
2. Initials of one widely known in the packing industry.
3. Initials of a member of a learned profession.
4. Initials of a metropolitan executive.
5. The second name of a prominent banker.
6. Part of a name familiar to the credit fraternity.
9. A credit leader in Ohio.
14. Abbreviation of a State.
15. A preposition.
16. Initials of a bank.
17. A Michigan banker.
21. Initials of a leading banker.
23. Initials that mean much to everyone.
24. Initials of a place near Edison's laboratory.
25. A preposition.
26. Found on most business letter heads.
27. A part of nearly all city addresses.



Proposed Bankruptcy Rules

(Continued from page 12)

power to determine this question and if the friendly petition was filed for an improper purpose the attorneys may be disciplined. The order is not one which the National Association of Credit Men has recommended, but it should meet with the approval of all students of bankruptcy practice.

NEW GENERAL ORDER

"In any district in which there is a city having at the last Federal census a population of 500,000 or more, no attorney for a receiver or a trustee shall be appointed except upon the order of the court.

Such order shall be granted only upon the petition of the receiver or the trustee setting forth the name of the counsel whom he wishes to employ, the reasons for the selection of that person, and showing the necessity of employing any attorney or counsel.

There shall be submitted with the petition an affidavit of the person recommended, showing that he is not employed by, and is not connected with the bankrupt or any interests adverse to the receiver or the creditors."

The foregoing order applies only to cities having a population of 500,000 or more and is properly aimed at receivers and trustees who, while attorneys themselves, engage other attorneys to represent them as receivers or trustee as the case may be, without good reason.

Unnecessary expense is often incurred as the result of such practice. The receiver or trustee in the cities embraced within this rule may engage an attorney only with the approval of the court upon a petition showing the necessity of employing an attorney and the qualifications of the attorney selected.

Proposed Amendments

A special committee was appointed by the House of Representatives of the 68th Congress, now in session, to consider amendments to the Bankruptcy Act and to render a report. Counsel for the National Association of Credit Men and counsel for the Commercial Law League of America appeared before this special committee at a hearing in Washington, on January 13, 1925, and submitted a brief in support of the Association's bill, as follows:

AMENDMENT TO SECTION 3.

It is proposed that Section 3 (a) be amended by adding a new subdivision to be known as Sub. Sec. "(4)"; making the section read as follows: "Section 3 (a) Acts of bankruptcy by a person shall consist of his having * * * (4) suffered or permitted, while insolvent, any creditor to obtain through legal proceedings any levy, judgment, attachment, or other lien, and not having vacated or discharged the same at least five days before the expiration of four months from the date of obtaining such levy, attachment, judgment or other lien."

This amendment is believed to be necessary to overcome the difficulty raised by the decision of the Supreme Court in the case of *Citizens Banking Company v. Ravenna National Bank*, 234 U. S. 360, an examination of which makes it apparent that Sec. 3 (a) of the Bankruptcy Act is insufficient to protect the rights of creditors. In that case, a petition in bankruptcy had been filed against one Curtis by certain of her creditors, upon which she was adjudged a bankrupt. The petition alleged, among other things, that within four months next preceding its filing, Curtis had committed an act of bankruptcy in that while insolvent she suffered and permitted the Citizens Banking Company to recover a

Education and Research

Dr. Fall is New Department Head



JOHN WHYTE, PH.D.



FRANK A. FALL, LITT.D

RETURNING to academic life, which he left in 1919, John Whyte, Ph.D., has become assistant professor in German, his old subject, in the College of the City of New York, and has resigned his position with the N. A. C. M.

Dr. Whyte's work as head of the Research Department and of the National Institute of Credit of the National Association of Credit Men is well known to the organized credit men of the United States. Like all good teachers, he was continually studying. He familiarized himself with the problems of credit men in a manner that showed how adaptable one may become after years of academic routine.

His understanding of the work of the Credit Department is indicated by the well received book "Effective Collection Letters," which he and J. H. Tregoe issued in 1924. Beside contributing to the CREDIT MONTHLY important articles on economic subjects, some of which were reprinted widely in the newspapers, and have since been incorporated in books and texts on economics and business, Dr. Whyte conducted the Book Department of the magazine, which keeps track of the new publications of interest and importance to credit executives.

In order that a due amount of blame may be mixed with praise, now it can be told that Dr. Whyte was the anonymous author of many of the songs sung at recent conventions of the National Association of Credit Men.

Dr. Whyte has made a great many friends in the National Association. He has expressed a hope that the credit executives with whom he has come in contact during the past five years will not forget him and, whenever so inclined, will get in touch with him, in care of the German Department of the College of the City of New York.

FRANK A. BALL succeeded John Whyte as Director of the National Institute of Credit and head of the Research and Education Department of the National Association of Credit Men on January 2, 1925.

The author of eight books, written largely for business men, Dr. Fall has had wide experience in editorial and educational work. He was born in Flint, Michigan, and received the degree of A.M. from Columbia University and those of A.B. and Litt.D. from Albion College.

For fifteen years he was Bursar of New York University. He was a member, in 1898, of Company L, 31st Michigan Volunteer Infantry. As he has served as Associate Editor of the monthly magazine, "Management and Administration," his articles are likely to appear frequently in the CREDIT MONTHLY. He has already taken up the task of conducting the Book Department of the Monthly.

Dr. Fall has been cordially received as the newest member of Executive Manager Tregoe's staff and will soon be introduced to various units of the National Association of Credit Men. Through his membership in the National Association of Cost Accountants, the American Statistical Association and other national organizations he already has a wide acquaintance among leading business men and economists of the country. His capacity for service and friendly co-operation is evidenced by the fact that he is a Trustee of the New York College of Dentistry, a Governor of the New York Skin and Cancer Hospital, and a member of the National Board of Review of Motion Pictures. His clubs include the Union League, Advertising, and Quill of New York City and the Colonial Country Club of Westchester.

judgment against her for \$1598.78 and costs in the Common Pleas Court of Erie County, Ohio, and to have an execution issued under the judgment and levied on real estate belonging to her, whereby the company obtained a preference over her other creditors, and at the time of the filing of the petition, which was one day less than four months after the levy of the execution, she had not vacated or discharged the levy or the resulting preference.

The company appeared in the bankruptcy proceeding and contested the petition upon the ground that it failed to allege an act of bankruptcy. This contention was overruled by the Court, and there being no denial of the facts, adjudication followed as of course. On appeal to the Circuit Court of Appeals, the case was certified by that Court to the Supreme Court with a request that consideration be given to the following questions:

(Continued on page 26)



THE CREDOSCOPE

J. V. Thegoe

THE FAILURE RECORD OF 1924

ACCORDING TO THE COMPILATIONS OF the mercantile agencies, there were recorded in 1924 20,551 failures, with liabilities of \$542,943,454. In 1923 the failures were estimated at 18,718, with liabilities at \$539,386,806. As an interesting comparison, the failures of 1900 were recorded as 11,000 in number, with \$138,000,000 liabilities. Comparing the present year with last year, there was an increase of approximately 1800 failures, and \$3,600,000 liabilities.

Studying the failure losses calls for a study of the business atmosphere. As I have often pointed out, failures can rarely be tied up to immediate events. They are when legitimate the sequences generally of events running from a few months to a few years in age. In 1923 we found in the fore part of the year some hectic conditions with tendencies to over-exploitation in production. There were four major causes for increased production in certain lines during the fore part of 1923, and when these demands were satisfied a return ensued into what might be called normal channels, but this tendency downward disappointed some buyers who had laid in commodities anticipating a larger business than the latter part of the year produced.

Separating by themselves the failures of 1924 that might be tied up with intentional or emergency fraud causes, a large number of the failures within the legitimate class resulted from causes that arose in the miscalculations and disappointments of 1923. When 1925 was ushered in there remained here and there a number of enterprises still suffering from the indiscretions of 1923, whose abilities to survive depended in the largest measure on the holiday trade. While 1924 was in several of the staple lines a disappointing year, and on the whole did not yield the satisfaction that many expected when it was ushered in, yet the failure record of the year could not be attributed largely to these disappointments, but was a carry-over from the indiscretions of 1923.

Comparing 1924 with 1900, and taking into account the expansion of our commerce during that period, it is only proper for us to say that the proportion of the failures of 1924 chargeable to commercial fraud were much larger in proportion than were such failures in 1900. It is an

obligation of the credit department to use all of its powers for the reduction of losses arising from deception and crime. This portion of the failure loss should be held at a very low minimum. The legitimate failure loss can be decreased by the exercise of wise policies, particularly where some advice in time or other practical preventive measures would have saved the merchant from hopeless insolvency.

The failure losses of each year furnish a very interesting subject for credit managers, and especially the portion of the losses contributed by his own experiences.

CREDIT JUSTICE

THE PRINCIPLE THAT BUSINESS MUST take care of itself, has been too firmly embedded in the public mind. Criminal offenses in the business field have been treated too lightly for the preservation of proper morals in the commercial relations of our people.

To steal a few hundred dollars of commodities while in transit from one State to another is a very serious offense. Merchants, however, can rob their creditors right and left, and if convicted are apt to receive light sentences. As we have pointed out so frequently, the defense of business is just as important as the defense of the home. The two are interrelated, the happiness of one is in many instances dependent upon the prosperity of the other.

As the conservator of commercial credits, the National Association of Credit Men recognized as one of its foremost principles that there should be created a sense of justice in the credit relation and that crimes in the treatment of credit contracts arising from fraud and deception should not go unpunished and permitted to encourage depredations that eat into the very vitals of our business. In 1918 the Association organized a department for the Investigation and Prosecution of Commercial Fraud. In the first year its operations were limited but the value of the Department was well exemplified and it has grown into one of the most practical and protective features of the Organization.

From 1918, the Department designated as one devoted to credit justice has accepted 623 cases, and procured through painstaking and relentless investigation 493 indictments and 175

convictions. At present it has pending 112 cases, and an equal number of indictments. The maintenance of the Department including contributions from creditors has cost in the seven years' period, \$262,445.00. It has recovered in concealed assets and returned to estates \$381,131. These figures speak for themselves, and aside from the convictions and the recoveries, were we able to calculate what business has been saved through its preventive effect, the figure would be almost inconceivable. In two particular instances we know that as many as fourteen failures had been planned if two fraudulently-conceived and executed failures had gone through successfully and without challenge. Through the effectiveness of the Department, the fraud was apprehended and the debtors punished. The failures planned did not happen. Creditors were saved many thousands of dollars. of dollars.

No longer an experiment, the Department is to expand so that the body of business in its credit relations may be efficiently protected. The campaign now announced for a fund of at least one million dollars for the suppression of commercial crime should appeal to the imagination and to the pocketbooks of every mercantile and financial institution of the country. When assessing on a reasonable calculation the credit losses of 1924 attributable to commercial frauds at not less than 250 millions of dollars, the time is imminent when a proper sum should be raised and expended for the checking of handiwork in the business field. Beyond question, nothing more practical nor protective was ever conceived by a commercial organization since the beginning of our history than is this carefully thought out project, the necessities of which need no brief but are apparent on every hand. With a training of seven years, with a demonstration of the Association's powers, the efficient use of the large fund contemplated is fully assured and will redound to the financial advantage of every business enterprise in the Nation and to the moral standards of our people.

ANOTHER DEFECTIVE VISION

THE OPENING ARTICLE IN THE JANUARY 1 issue of *Printers' Ink* has the provocative title "Why not abolish the Credit Department?" In it the anonymous author declares that "it may mean doubling credit losses, but it may also mean multiplying sales and thereby turning the loss into a handsome profit." If this is intended as a serious presentation and not a piece of grim humor, then I am heartily surprised to see its appearance in *Printers' Ink*.

Can we not as readily reverse the formula and ask, "Why not abolish the Sales Department?" This is not retaliation, for in a course of years if the Credit Department has not produced a large amount of business of its own efforts, then its management is defective and does not measure up to the proper standards of credit expertness. The Sales Department takes customers'

orders, but the Credit Department holds customers. Salesmanship is just as much the essence and the timber of the Credit Department as of the Sales Department, and, in fact, salesmanship enters into all life's activities from the selling of a commodity to the selling of one's self.

The writer of the article shares with some of our backward executives the obsolet notion that passing on orders is the chief occupation of the modern Credit Department. It is merely the "daily dozen," the athletics of credit management. Keeping credit safe for a large flow of commerce is the wide responsibility of Credit Departments and a commerce without credit regulation would lapse into a confusion comparable to the confusion of Sodom on the day of its destruction.

One of our chief problems today is an inability to sell our overproduction in many commodities. Therefore, if by throwing aside credit regulations sales could be multiplied, to whom, may we ask, could the sales be made? Can we force upon buyers commodities they should not buy, merely because we are willing to sell them on credit terms without a question as to their abilities to liquidate the contract or their character to fulfill it. The confusion arising from such a situation is indescribable, and I cannot imagine any thoughtful business man expressing the view that by suspending credit regulation we might multiply sales and the added losses through unregulation would be more than overcome by profits in the increased business. I challenge anyone to probe into the subject without prejudice and fail to discover that an unregulated commerce would more than double the credit losses and be greater than any profit possible to obtain through increased sales. Standing for one's profession is loyal, but standing for it without good grounds is disloyal. Not for a moment would I hold a brief for the Credit Department unless it had been my privilege to see what a systematic credit technique does for the Nation's commerce and prosperity. We need run back but four decades to find confusion, misdirection and serious losses and slow progress because there were no wise credit regulations nor the co-operation that credit development has above all things been responsible for.

This article proves my claim that credit managers have not spoken enough of their profession or had it understood in all of its broad aspects. A commerce without credit regulation would not expand. It would in my opinion diminish. Capital would not put itself at the risk of a possible confusion that would inevitably arise if there were no proper measurement of the credit contracts and no means of telling whether the credit of a buyer should be accepted or declined. Constructive buying power of a wise and reasonable type is a far better objective than to think of removing all credit regulations from sales with the expectation of an increase that would yield a profit.



Charles H. Woodworth

ONE WHO was serving loyally and effectively the organized credit men of the Nation was taken away by the untimely death from typhoid fever, in New York City, on December 26, 1924, of Charles H. Woodworth, Manager of the Adjustment Bureau Department of the National Association of Credit Men. He was 36 years old.

From first hand experience in the Adjustment Bureau of the Kansas City Association of Credit Men, and through many visits to Adjustment Bureaus in various parts of the country, he was familiar with the highly specialized, constructive work of the bureaus. He was therefore able to be of the greatest assistance to local bureau managers in working out their problems and establishing practical and high standards for all the bureaus. He must have enjoyed a modest satisfaction in the continually increasing efficiency of the entire Adjustment Bureau system.

Having been trained in the law,—admitted to the Bar of the State of Missouri in 1913,—he had an invaluable background for adjustment work.

The Legislative Committee and the Bankruptcy Law Committee of the National Association of Credit Men, also benefited by his services. He contributed largely to the formulation of the programs for the current year of these important committees.

One of the hundreds of tributes that are being paid to Mr. Woodworth by those who knew him best,—a tribute typical of them all,—is that of Walter E. Tarlton, credit manager of the Brown Shoe Co., of St. Louis, and Chairman of the Adjustment Bureau Executive Committee of the National Association. Mr. Tarlton, in a letter to the Executive Manager, says:

"This is, I think, the saddest news, I have ever received. . . . I shall miss him very much, not only as a personal friend but in association work. You will have great difficulty in finding exactly the right man to succeed him.

"Fair and square, yet firm and forceful, he was thoroughly reliable and dependable. That was, I know a source of satisfaction to you—that you could be confident that, wherever he happened to be, he was concerned always in the task before him."

"I cannot reconcile myself to Woodworth's death," wrote Executive Manager Tregoe in a letter on the passing of this member of his staff. "It seems almost constantly that he must return to his desk. Outside of my own family, the passing away of a friend never affected me as this has and I really cannot think or talk about it without the tears coming near the surface."

The comments of another associate of Mr. Woodworth were as follows: "No one could observe the breadth of his forehead, the intelligence and frankness of his eyes and the sensitiveness of his mouth, without appreciating him. All his associates were his admirers and friends."

Mrs. Woodworth with their six-year old daughter and their eight-months' old son, has returned to her home town, Kansas City. She has the profound sympathy of hundreds of men who knew her husband and can measure to some degree the greatness of her loss.

Proposed Bankruptcy Rules

(Continued from page 23)

1. Whether failure by an insolvent judgment debtor, for a period of one day less than four months after the levy of an execution upon his real estate, to vacate or discharge such levy, is a "final disposition of the property" affected by the levy under the provisions of Section 3 (a) (3) of the Bankruptcy Act;

2. Whether an insolvent judgment debtor commits an act of bankruptcy rendering him subject to involuntary adjudication as a bankrupt under the Bankruptcy Act of 1898, merely by taking an action for a period of four months after the levy of an execution upon his real estate.

The Court held, in construing Section 3 (a) (3) of the Bankruptcy Act, that the act of bankruptcy therein defined consists of three elements: first, the insolvency of the debtor; second, suffering or permitting a creditor to obtain a preference by legal proceedings,—i. e., to acquire a lien upon property of the debtor by means of a judgment, attachment, execution, or kindred proceeding, the enforcement of which would enable the creditor to collect a greater percentage of his claim than other creditors of the same class; and third, the failure of the debtor to vacate or discharge the lien and resulting preference five days before a sale or final disposition of any property affected. These three elements being present, an act of bankruptcy was committed, but not otherwise, it being only necessary to vacate the levy or attachment five days prior to the sale or final disposition of the property affected, even though such sale or disposition occurred more than four months subsequent to the making of the levy or attachment, or the creation of the lien, both of the questions certified being answered in the negative.

The counsel for the petitioning creditors had contended that Section 3 (a) (3) had the same meaning as if it read, "and having failed to vacate or discharge the preference at least five days before the sale or final disposition of any of the property affected, or at most not later than five days before the expiration of four months after the lien was obtained." As to this, the Court said, "But we think such a meaning cannot be ascribed to it without re-writing it, and that we cannot do. The contention reads into it an alternative which is not there either in terms or by fair implication, and to which Congress has not given assent." The Court points out that it might be true that if the debtor is not restricted to less than four months within which to extinguish the lien, there will be instances in which general creditors will be affected disadvantageously, but states that this is a matter for the concern of Congress and not for the Court. Both questions certified were answered in the negative.

Instances of the failure of Section 3 (a) (3) to protect creditors will readily come to mind, as for example where a provisional attachment is levied upon real property, in which case a creditor will not, of course, be entitled to demand a final sale or other disposition of the property until after judgment. If more than four months elapses between the levy of such attachment and the final sale or disposition of the property pursuant to the judgment, a valid preference is created which cannot be affected by the provisions of Section 67(f), and an act of bankruptcy has been committed which would permit the filing of a petition to prevent the creation of the preference. It is precisely this situation which the proposed amendment is designed to meet.

AMENDMENT TO SECTION 14 (b).

Amendments to subsections (4) and (5) of Section 14 (b) are proposed, making this section read as follows: "Section 14 (b). The Judge shall hear the application for a discharge and such proof and pleas as may be made in opposition thereto by the trustee or other parties in interest, at such time as will give the trustee or parties in interest a reasonable opportunity to be fully heard, and investigate the merits of the application and discharge the applicant unless he has ***

Burroughs

**Duplex Gives the Makers of 2 in 1 Shoe
Polishes a Sales Distribution by 200
Lines and 35 Warehouses**

1 Invoice items are listed by commodity and number on perforated tags.

2 They are then sorted and listed by commodities.

3 Then posted to commodity stock record cards which carry daily balances.

WAREHOUSE: TERMINAL WAREHOUSE CO., ADDRESS: BALTIMORE, MD. STYLE NUMBER: 20 BLACK PASTE

DATE	RECEIPTS	DATE	INVENTORY	PICK UP	BALANCE
NOV 1	329	400			804
NOV 10			68	504	436
NOV 11			50	436	386
NOV 12			74	386	312
NOV 13			71	312	241
NOV 14			28	241	213
NOV 15			02	213	211
NOV 16			07	211	204

Formerly, this manufacturer secured an analysis of sales figures only once a month. Now, the figures are obtained daily together with a daily proof, and at one half the previous cost. The F. F. Dalley Company, Inc., manufacturers of 2 in 1 Shoe Polishes, write—

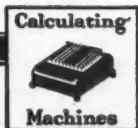
"We maintain stocks in thirty-five warehouses throughout the United States and Canada and keep approximately two hundred different styles and sizes of packages in these warehouses. It is necessary for us to know every day the balance

of stock of each style or size in each warehouse, and this work is now being done by one clerk; under the old method two clerks were required."

No matter what your distribution or stock record problems may be, Burroughs machines can handle the work quickly, accurately and economically. Why not let a Burroughs man analyze your work? Let him demonstrate how a Burroughs machine can be applied to your business. This is part of Burroughs service and does not place you under any obligation.

BURROUGHS ADDING MACHINE COMPANY DETROIT, MICHIGAN

There's a
Burroughs
for every
figure job
in every
business



Burroughs Adding Machine Co.,
6451 Second Blvd.,
Detroit, Michigan.

Please send me information showing
how Burroughs machines handle dis-
tribution and stock record problems.

Name

Business

Address

(4), at any time subsequent to the first day of the twelve months immediately preceding the filing of the petition, transferred, removed, destroyed or concealed, or permitted to be transferred, removed, destroyed or concealed, any of his property with intent to hinder, delay or defraud his creditors; or (5) has been granted a discharge in bankruptcy within six years."

The amendment contained in sub section (4) (above) is to change the time mentioned therein from four months to twelve months, thereby making the fraudulent disposition or concealment of the bankrupt's property more difficult. In practice, the period of four months prescribed by the statute has been found to be so short that dishonest bankrupts have been able to successfully remove, transfer, destroy and conceal property, and yet obtain a discharge in bankruptcy without difficulty.

The amendment proposed to sub section (5) (above) consists in eliminating the words "in voluntary proceedings," so that a discharge under the proposed amendment must be denied if the bankrupt has been granted a discharge within six years whether the discharge were granted in voluntary or in involuntary proceedings. The necessity for this change arises out of the free use of the so-called "voluntary-involuntary," or collusive petition, which the bankrupt causes to be filed against him by three friendly creditors in order to evade the provisions of Section 14(b) (5) as they now exist.

AMENDMENTS TO SECTIONS 24 AND 25.

Section 24 is amended by adding a new subdivision to be known as paragraph (c) as follows:

"(C) Appeals and reviews under this section shall be taken within thirty days after the judgment or order or other matter complained of has been ordered or entered."

Consideration of this section should be had in connection with the amendment proposed to Section 25 (a) (3), to the effect that the time within which appeals under Section 25 (a) shall be taken shall be increased from ten days to thirty days.

Little argument is necessary in support of either of these amendments. The situation existing at the present time with reference to appeals, reviews and writs of error, is so confusing, as to be intolerable. Pursuant to Section 25 (a), as it now reads, appeals in bankruptcy proceedings to the Circuit Court of Appeals must be taken within ten days. No time limit is set for a petition to revise under Section 24, and this time limit is usually fixed either by local rules, or by reference to Section 1847 of the Compiled Statutes relating to appeals and writs of error, at six months; but it has been held that the time for review in bankruptcy proceedings proper is limited, by analogy, to Sec. 25 (a), to ten days. (See *in re Friend*, 134 Fed. 778, Circuit Court of Appeals, Illinois; and in other cases to six months. (See *in re Kinnane Company*, 242 Fed. 769, Circuit Court of Appeals, Ohio.

The proposed amendments will clarify this tangled situation by making the practice uniform in all cases. Amendment to Section 29 (a). The amendment proposed to Section 29 (a) is the addition at the end thereof of the words, "receiver, custodian, or other officer of the Court," so that it becomes a crime punishable by imprisonment not to exceed five years not only for a trustee as at present, but also for a receiver, custodian, or other officer of the Court to misappropriate, secrete, or destroy any property belonging to the bankrupt estate. It is not believed that any argument is necessary in support of this amendment.

AMENDMENT TO SECTION 29 (b).

Only one amendment is proposed to Section 29 (b), and that to subdivision (1) thereof, so that the section will read as follows:

"(b) A person shall be punished by imprisonment for a period not to exceed two years upon conviction of the offense of having knowingly and fraudulently (1) concealed any property belonging to the estate of a bankrupt."

The section now reads as follows:

"Concealed while a bankrupt, or after

his discharge, from his trustee, any property belonging to his estate in bankruptcy." This section has been interpreted to apply only to a concealment by a bankrupt or his agents. The Bankruptcy Act does not make it a criminal offense for a person who is not a bankrupt to conceal the bankrupt's property from the trustee! *Kauffman vs. U. S.*, 212 Fed. 613—(C. C. A., 2nd Circ.). *Good vs. Kane*, 211 Fed. 956—(C. C. A., 8th Circ.).

It has been found that in cases of fraudulent bankruptcy, assets are often concealed by the bankrupt from the receiver and disposed of during the time elapsing between the appointment of the receiver and the election of trustee, which, in such cases, is delayed by the bankrupt as much as possible. This results in an opportunity to the bankrupt to sell the property so concealed (and escape from the jurisdiction of the Court before any information can be filed or an indictment returned. The present amendment, if adopted, would make the concealment of property by the bankrupt, or his agent or employee, from the receiver, custodian, trustee, or any officer of the Court a criminal offense so that creditors or other interested parties would be in a position to act promptly in the event of the discovery of any concealment of assets whatsoever subsequent to the filing of the petition; without regard to the time of the election of the trustee. It is believed that the proposed amendment will overcome the defects of the existing law in this regard.

Amendment to Section 29 (d). The amendments proposed to Section 29 (d) increase the time limit within which indictments may be found for offenses under the act from one year to three years, and except from the running of the statute of limitations, the time when the person has been absent from the jurisdiction of the Court.

It is common experience that fraudulent bankrupts have departed from the jurisdiction for a period of twelve months, or until the present statute of limitations had effectively barred prosecution, and then have returned to their residences with no fear of the consequences of their acts. The amendment proposed has the endorsement of the Federal District Attorneys, and no valid argument against the amendment can be conceived of. It is, furthermore, in harmony with Section 1708 of the Compiled Statutes of the United States which establish a three year period of limitation for offenses against the United States, and it relieves the inconsistency resulting from the decision of the United States Supreme Court in the case of *U. S. v. Rabinowich*, 238 U. S. 78, in which it was held that a conspiracy to commit any of the acts prescribed by Section 29 of the Bankruptcy Act is not an offense under the act within the meaning of Section 29 (d), and is therefore subject to the three year period of limitation established by Section 1708 of the Compiled Statutes, rather than the one year statute of limitations established by Section 29 (d) of the Bankruptcy Act.

AMENDMENT TO SECTION 57 (n).

The only amendment proposed to this section is to the effect that claims against the bankrupt estate shall not be proved subsequent to six months after adjudication rather than one year as at present. The purpose of shortening the period is to expedite the administration of bankrupt estates. No opposition to this proposal has ever come to the attention of the National Association of Credit Men.

AMENDMENT TO SECTION 60 (a)

It is proposed that Section 60 (a) be amended by adding at the end thereof the two words, "or permitted," so that the last sentence will read as follows: "Where the preference consists in a transfer, such period of four months shall not expire until four months after the date of recording or registering of the transfer if by law such recording or registering is required or permitted."

A transfer is "required" to be recorded, within the intention of this section as it reads to-day, in those cases in which under the State Law, recording is

necessary in order to make a transfer valid as against those concerned in the distribution of the insolvent estate; i. e., as against creditors. A transfer is not "required to be recorded or registered" where, by a state law an unrecorded transfer is only void as against subsequent purchasers in good faith. It is required to be recorded, however, where failure to record it makes it void either as to general creditors or lieu creditors, or as to all persons other than the parties thereto." (*Carey v. Donohue*, 240 U. S. 430.) It has been held that where recording of an instrument is permissible only the provision requiring recordation is not applicable. (See *Gerlman v. Lippert*, 171 N. Y. 536.)

There are many instances under state laws in which recording or registering is required to establish the validity of the transfer as against subsequent purchasers in good faith, or other restricted classes of persons but not as against creditors. The proposed amendment, if adopted, will invalidate transfers made within four months after the recordation or registration of the transfer in all cases, even though recording or registering is not required under the state law as to creditors. The proposed amendment, furthermore, brings this section in harmony with the provisions of Section 3b, making the wording of the two sections in this respect identical, and meets the decision of the United States Supreme Court in the case of *Carey v. Donohue*, *Supra*.

AMENDMENT TO SECTION 64 (a).

Section 64 (a) is amended to read as follows: "The Court shall order the trustee to pay all taxes legally due and owing by the bankrupt to the United States, state, county, district, or municipality in the order of priority as set forth in paragraph (b) hereof: Provided, That no order shall be made for the payment of a tax assessed against real estate of a bankrupt in excess of the interest of the bankrupt estate therein as determined by the court."

The purpose of this amendment is to prevent the filing of a claim for taxes levied against real estate as a general claim against the assets of the bankrupt estate in an amount greater than the equity owned by the bankrupt in the property against which the tax was assessed. The justice of this proposal is obvious.

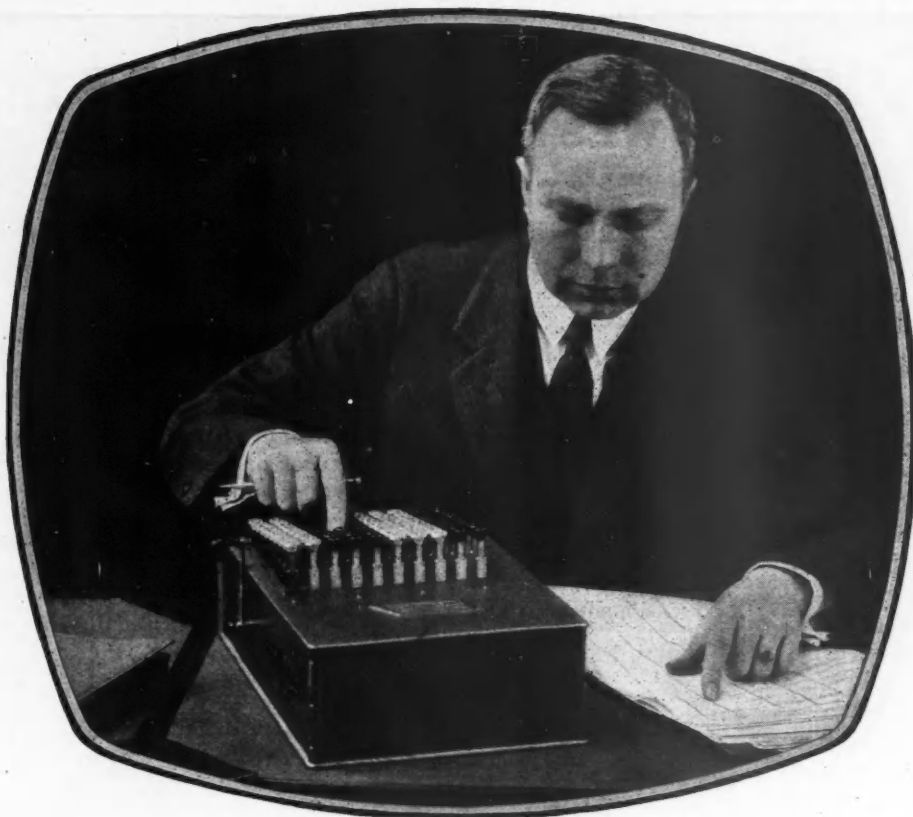
AMENDMENT TO SECTION 64 (b).

The amendment proposed to Section 64 (b) is the addition of a sub-section to be known as Sub-section (4), making the paragraph read as follows:

"(b) The debts to have priority, in advance of the payment of dividends to creditors, and to be paid in full out of bankrupt estates, and the order of payment shall be * * * (4) Where the confirmation of composition terms has been refused or set aside upon the objection and through the efforts and at the expense of one or more creditors, in the discretion of the court, the reasonable expense of such creditor or creditors."

Under the act as it stands at present, the reasonable expenses of creditors in recovering for the estate property of the bankrupt transferred or concealed, are entitled to priority, (see 64 (b) (2)), but no provision is made for the recovery of the expenses of creditors who, through their own efforts, defeat the confirmation of the dishonest composition. The benefit to the estate is no less, in the latter case, than in the former, and if the expenses of the one are to be allowed the expenses of the other should be equally allowed. Opposition to dishonest composition is discouraged under the present law by reason of the heavy burden of expense which is often imposed upon a single creditor who takes his responsibilities with enough seriousness to spend time and effort upon the frustration of a fraudulent composition. It is not improbable that the failure of the bankruptcy act to provide for reimbursement of such expenses is one of the primary reasons for the great number of fraudulent compositions which are offered daily in the larger centers of population.

(Continued on page 30)



Are you carrying extra weight in unnecessary expense?

Business is like a race horse—the more weight it carries the slower it goes.

Are you carrying extra weight in your business—weight in the form of needless expense?

It is fine to feel satisfied that your figuring is accurately done as cheaply as your competitors.

But is it?

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NATIONAL ASSOCIATION OF CREDIT MEN

41 PARK ROW NEW YORK N Y

THE GREAT CAMPAIGN FOR A FUND OF AT LEAST ONE MILLION DOLLARS FOR THE SUPPRESSION OF CREDIT CRIME IS WORTHY OF THE COMPLETE APPROVAL AND ACTIVE ASSISTANCE OF EVERY CREDIT EXECUTIVE IN THE UNITED STATES THIS IS NOT A LOCAL MATTER THE EXISTENCE OF A NATIONWIDE CREDIT JUSTICE DEPARTMENT WELL FINANCED WILL HAVE A DETERRENT EFFECT EVERYWHERE ON COMMERCIAL CROOKS WHICH WILL SAVE AMERICAN BUSINESS LOCAL AND NATIONAL MANY MILLIONS OF DOLLARS

J. M. JUDSON, PRESIDENT
CHICAGO ASSOCIATION OF CREDIT MEN

"THIS IS NOT A LOCAL MATTER"

Official Receivers

(Continued from page 28)

The National Association of Credit Men has given careful thought and intensive study to the subject of the substitution of a system of the official receivers for the unofficial receivers now provided for in the United States Bankruptcy Act. It has in this connection studied the proposals of the Merchants' Association of New York on this subject as embodied by the bill introduced in Congress under the No. S. 9560.

The abolition of the control by creditors of the administration of the estate, and the substitution of a salaried official will, in the opinion of the National Association of Credit Men, not only fail to remedy the prevalent abuses, but will tend to open the door to new and more serious problems of administration than have as yet been encountered.

Any suggestion that a system of official liquidation which deprives creditors of a share in the administration of a bankrupt estate, is in harmony with the provisions of the English statutes, is based upon a complete misapprehension of the English law. With the possible exception of the Act of 1841, the general principle of control of bankrupt estates by the creditors appears to have been recognized and endorsed both in Great Britain and Canada, as well as in the United States. The English bankruptcy system as it exists to-day, notwithstanding the fact that official receivers are provided for in some cases, does not abolish or in any way limit the control of the creditors over the administration of a bankrupt estate. On the contrary, under the English Act, creditors enjoy an even more complete domination of the estate than they do under the United States system.

Furthermore, the official receiver in England is appointed by the Board of Trade, and is subject to the control and discipline of that body. No similar machinery exists in this country to keep check on such officials, who would in the nature of things be entrusted with the responsibility for a sum total of assets which staggers imagination.

The Merchants' Association bill proposes that the official receiver shall summarily administer small bankruptcies, and defines small bankruptcies as estates in which the assets do not exceed \$10,000. An examination of the report of the Attorney General of the United States for the year 1923, on page 211, shows that the average assets in 34,401 cases concluded in the United States during that year was about \$1800. Furthermore, the Merchants' Association's proposal would deprive creditors of any opportunity to take part in the administration of the so-called small estates, regardless of their desires. The proposal for such a mandatory provision is without precedent. The English Act makes summary administration in small bankruptcies optional with the creditors. The objection to the present system of receivership which has given rise to the reform proposed by the Merchants' Association Bill has been largely upon the ground that under existing conditions, receiverships in small bankruptcies have proved in many cases both extravagant and inefficient. This condition, in the opinion of the National Association of Credit Men, is largely due to the failure of the Courts in the larger districts to follow the practice which prevails in the smaller jurisdictions of appointing a receiver of a bankrupt estate some one nominated by the creditors themselves—usually one of

their own number. It is felt that the administration of an estate by a receiver selected from creditors, who would ordinarily have a greater interest in the affairs of the estate than a stranger, would result in a more efficient and economical administration. It cannot be questioned that economy and efficiency are greatly to be desired in the administration of the property of a bankrupt, but it is felt that this object can be better attained by simple changes in the rules and orders by the judges themselves, than by an amendment to the statute.

It is sincerely hoped that the proposal of the Merchants' Association on this subject will not be adopted without careful and analytical examination.

The brief printed above was submitted by the National Association of Credit Men to the Special Committee appointed by the House of Representatives to consider amendments to the Bankruptcy Law. It was prepared and the argument made by W. Randolph Montgomery, counsel for the Association, who was assisted in its preparation by Francis C. Lowthorpe.

New England Conference February 11-12

BIG preparations have been made for the New England Conference of Credit Men, at the Hotel Kimball, Springfield, Mass., February 11-12.

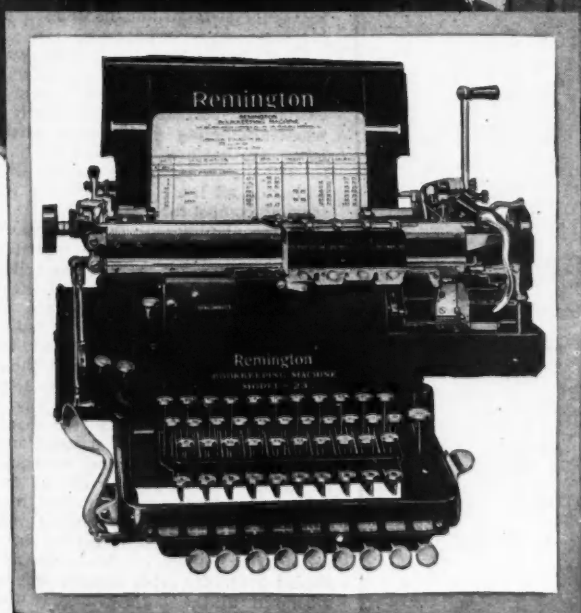
Details may be had from H. E. Morton, P. O. Box 822, Springfield, Mass., Field Secretary of the Western Massachusetts Association of Credit Men.

Introducing the New Model 23 Remington Bookkeeping Machine

EVERY modern improvement essential to successful mechanical bookkeeping is embodied in this latest Remington product. Among these improvements are an automatic electric carriage return, built on new principles, which insure surpassing speed combined with perfect control, a new keyboard, scientifically arranged to facilitate ease and speed of operation, a special key for making corrections, another for writing credit balances, a new column tabulating lever, and an exceptionally easy touch on both adding and tabular keys.

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RALPH B. IVES, President

"Dun Well"

By L. John Bergman

Pass & Seymour, Inc., Solvay, N. Y.

SINCE the period of the Phoenicians, credit men have been cooking up all sorts of schemes for getting the account paid in full and on due date. Some of these schemes have been well dun; some, half-baked; others were only luke-warm.

The most intricate, yet the most vital recipe listed in the "Account Collecting Cook Book" is the inoffensive dunning letter which produces the desired result. Its preparation might be likened to creating a Welsh rarebit—supreme in its epicurean excellence, yet as serene and acceptable to the digestive organs as the mildest of pre-digested foods.

And, again, it may be compared to the feat of serving a rich old-fashioned plum pudding, luscious as Mother used to make and covered with the spirit of good-will. Rightly prepared, this rare dish will have a stimulating effect upon the mind and heart, causing a spontaneous burst of generous and considerate impulse.

The perfect dunning letter, with a basic ingredient most emphatically distasteful to those to whom it is served, must still be so seasoned with the zestful spices of brilliance and good sense and seasoned with the sugars of diplomacy and tact that even a delicate digestive apparatus can assimilate its contents with good-natured acquiescence.

To make a perfect dunning letter, take an account that is ripe, one a little over mature preferred; cover with one full strength request for immediate payment, add a heaping measure of best brand tact, a small pinch of firm insistence and sprinkle in some reasons for demanding remittance. Season with good nature, implied confidence, best wishes and cordiality to taste.

Spread with pica type on a clean, white sheet of good quality paper, decorate with signature and serve with U. S. Stamp.

Great care should be exercised in the preparation of this recipe. So unpalatable does it become whenever a single ingredient is used contrary to the directions that the Credit Chef is urged to place he formula in his hat until it strikes through the outer stratum and becomes a part of his gray matter equipment.

Heat slowly but thoroughly, warm to the subject. A well dun collection letter is rare. Cases have been known of the customer's becoming so violently upset when attempting to digest a partly dun letter as to show the most lively malice toward the well-meaning Credit Chef and withdraw all trade, giving it to a less deserving competitor.

In the planning of this concoction, the aim should be to mix the ingredient of soothing tact with that of compelling insistence in such a manner that the flavor becomes like the taste of home brew—bitter, but acceptable. If the Credit Chef develops the highest skill and follows rigidly the foregoing directions, the recipe becomes one of the most satisfactory and successful he can produce.

It even becomes palatable to those who would supposedly detest it most and will often so delight a chronic delinquent as to induce him to pay up in full to date an account long over due; and in addition send in another good-sized order.

A Credit Chef who receives such flattering recognition of his culinary skill should assuredly pride himself that he has mastered to the highest degree the art of appealing to the most exacting taste of business human nature.



Janus Would Carry Credit Insurance!

This Roman god, after whom January was named, had two faces, one looking forward, one looking backward.

Were Janus a modern credit man, he would today look back at the bad debt losses he suffered during 1924. At the same time he would look forward into 1925 and ask, "Why should I *keep on* losing money and taking risks *every year* when, at such a moderate cost, I can absolutely protect myself against unforeseen unexpected credit losses?"

Then Janus would pick up his phone and say: "American Credit-Indemnity Co.? Will one of your representatives come and see me today?"

Will *you*, Mr. Credit Manager, take a tip from wise old Janus this January day?

The AMERICAN
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OF NEW YORK J. F. M^cFADDEN, PRESIDENT

Offices in All Leading Cities

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San Francisco, Philadelphia, Baltimore, Detroit, etc.

Court Decisions

Of Special Interest to Credit Men

Bankruptcy

RIGHT OF CREDITOR OF BANKRUPT TO LEVY AGAINST GOODS COMING INTO POSSESSION OF BANKRUPT THROUGH AN INVALID SALE DENIED. *Standow, Bankrupt*. U. S. District Court, Western District of Pennsylvania, Sept. 11, 1924.

Respondent was a creditor of the bankrupt. Respondent obtained judgment against the bankrupt and pursuant thereto execution was issued and certain goods in the possession of the bankrupt were levied upon. An injunction was issued restraining said execution and respondent brought this action to dismiss the injunction on the ground that the goods levied upon had been transferred to the bankrupt in violation of the bulk sales act of Pennsylvania and that title to the goods had never passed to the bankrupt.

The court held that the injunction should be continued. Although the sale of the goods in question was void so far as the creditors of the vendor were concerned, it might be entirely valid as between the vendor and the vendee. The respondent here was a creditor, not of the vendor but of the vendee. To permit it to proceed with the execution would give it an unfair advantage over the other creditors.

Sales

BREACH OF CONTRACT TO SELL ON CREDIT. MEASURE OF DAMAGES. *Oklahoma Candy & Commission Co., vs. Liquid Carbonic Co.*, Supreme Court of Oklahoma, Sept. 9, 1924.

In an action brought by the seller against the buyer for a breach of contract to sell merchandise on credit, it appeared that the plaintiff refused to deliver the goods unless the defendant paid cash for them before delivery. The defendant showed that it had sufficient money on hand and had arranged to pay for the merchandise. The court held that the general rule as to the measure of damages for a breach of contract for the sale of personal property, the difference between the contract price and the market price at the time delivery should have been made, is subject to the exception that it is the duty of the buyer to protect himself, if he can, and he will not be allowed to recover damages which could have been avoided; that as the defendant could have had the goods by paying cash and had the cash available, the only possible damages was the interest on the money at 6% per annum for the period during which the contract provided for credit.

Plaintiff ordered certain goods of defendant to be shipped to him at Havana from N. Y. Instead of sending them a

required by contract defendant shipped them in a larger package of other goods sent to a third party and notified plaintiff accordingly, directing him to claim the goods from such third party. At the same time, defendant drew on plaintiff for the purchase price, which draft plaintiff paid. The goods were lost in transit and the value has not been declared by defendant on delivery to the carrier.

Held: That for failure to declare value, plaintiff could decline to treat delivery to carrier as delivery to himself. *Lopez vs. Henry Isaacs Inc.*, N. Y. Sup. Court, App. Div. 1st Dept. Decided Nov. 14, 1924.

Foreign Corporations

RIGHT OF ACTION SUSPENDED BY FAILURE TO OBTAIN AUTHORITY TO DO BUSINESS. *Protective Finance Corporation vs. Glass*, Supreme Court of N. J., Aug. 18, 1924.

The defendant assumed responsibility for the return of premiums on policies of insurance effected through plaintiff, a Delaware corporation, and this action was brought in January, 1923, for their recovery. Plaintiff had prepared a statement to be filed for the purpose of obtaining a certificate authorizing it to do business in the State of New Jersey, but through error the certificate was not obtained until November, 1922. Defendant contended that at the time of making the contract and when the liability attached thereunder the plaintiff was a foreign corporation and that it had not received from the Secretary of State a certificate permitting it to do business as required under the statute. The court held the plaintiff's right of action was suspended until he complied with the statute, but its right of action was not barred. When the plaintiff complied with the law he stood on an equality and could enforce his rights on contracts made before as well as those made after such compliance.

Deposited for Collection

MEASURE OF DAMAGE FOR LOSS OF CHECK DEPOSITED FOR COLLECTION. *Stark & Turner vs. Public National Bank, N. Y.*, Supreme Court, Appellate Term, Second Department, September 11, 1924.

Plaintiffs deposited with defendant bank the check of a third party for collection. Because of the carelessness of the bank the check was lost and therefore not presented for payment. In an action for a breach of contract to present the check for collection the proof showed that the plaintiff did not know the name of the maker or endorsers.

Held: That in the absence of proof on the part of the bank that the plaintiff's loss was less than the face value of the check, the measure of damages was the face amount of the instrument.

Contracts

Debtors and Creditor: Where a debtor tendered his creditor, in full payment of a liquidated over-due debt, goods at invoice price and a check for balance, on which check was indorsed "in full of account to date", and the creditor accepted the check, and credited the debtor with the proceeds, but declined to accept the goods.

Held: Though the law protects a and the creditor having accepted the check was bound also to accept the goods;

(Continued on page 36)



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AND GUARANTY COMPANY**
Baltimore, Maryland

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It is the *unsuspected* danger that overtakes a plant—the danger you think you have guarded against.

The precautions you have taken against fire give you a sense of security, but are they wholly dependable?

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You—the head of your business—the man who stands to lose the most if anything happens—should *know* that your property is as safe as human skill can make it.

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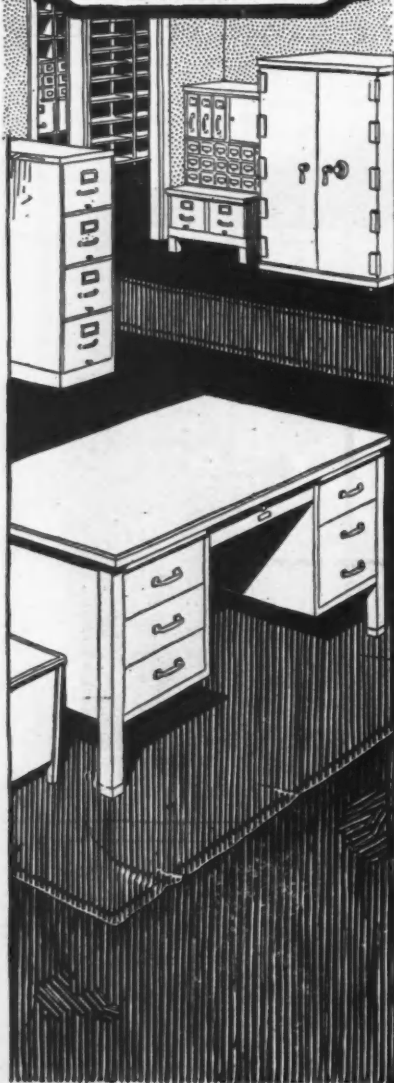
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Dealers Everywhere



Court Decisions

(Continued from page 34)

that though an unexecuted contract between debtor and creditor, whereby the latter agrees to accept as payment in full a less amount than is owing on a part due debt, is void and unenforceable because there is no new consideration, nevertheless where such contract has been exe-

Carriers Limitation of Liability

cuted it is binding and the creditor cannot sue for balance. *Greener & Sons vs. P. W. Cain & Sons*, Sup. Court, Miss. Decided Nov. 3, 1924.

Where goods are in first class condition when delivered to carrier and are afterward delivered to consignee in damaged condition:

Held: That they are presumed to have been damaged by the negligence of the carrier, and a common carrier of goods, cannot by contract with the owner, limit its liability for loss due to its negligence. *Carman vs. Virginian Railway Co.* Sup. Court of Appeals, W. Va. Decided Nov. 18, 1924.

Unfair Competition

Plaintiff has been in the poultry business for 20 years and made the name "Silz" valuable. Defendant company's stock is all owned by Edmund Silz, who used to be a ship chandler. Defendant has located near plaintiff, is carrying on the same business and has imitated the exterior of plaintiff's business, its price lists, typewriting ink and other methods:

Held: That the tender was an entirety man's right to use his name in his own business, it must be honestly used and no deceit is permitted to mislead the public and to palm off his business as that of another. Injunction granted. *House of A. Silz Inc., vs. E. Silz Inc.* N. Y. Sup. Court, N. Y. County, Spec. Term. Pt. 1, Decided Nov. 3, 1924.

Pursuit of a Debtor In Old Seville (1579)

By A. L. Philbrick

Treas., Congdon & Carpenter Co., Providence

READERS of the CREDIT MONTHLY may be interested in the letter, printed below, which was sent to the commercial House of Fugger, in 1579, by its agent whose duty it was to keep the house informed as to conditions in Seville, Spain.

This letter shows the relations of debtor and creditor in the Sixteenth Century, and also reveals what a great amount of grief will come upon an entire community when collection methods are mixed up with religion.

In those days the Fuggers, a Suabian family, were one of the most prominent in trade in the entire world. The Fugger agents were located in all the important cities. Because of a lack of newspapers and the elaborate means of communication which are a part of our daily lives at present, these agents were instructed to write in detail of all events—political, religious or commercial—that took place within their districts.

These letters have been gathered together and published in book form, edited by Victor von Klarwill, under the title, "The Fugger News-Letters." They constitute one of the most illuminating sources for historians in regard to the customs and manner of living of the people of those times.

The News-Letter

"From Seville, 8th day of June, 1579.

"Of news we have none of import to give you these days. But a curious occurrence recently took place five miles from here, in a village, St. Ginar by name. An inhabitant thereof took refuge in the church to escape his creditors. But whereas, according to custom, on the day of the Blessed Sacrament, all kinds of entertainment were to take place before

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TOTAL ASSETS	\$12,518,516.71
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EXPLOSION
TOURIST
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USE AND
OCCUPANCY
RENT AND
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the Procession of the Blessed Host, some inhabitants had erected a cart, on which they wished to hold a mystery play showing how our Lord Jesus Christ was captured by the Jews as he was kneeling on the Mount of Olives.

"But they stood in need of a stately and beauteous man, and knowing of none more worthy or better looking, they craved of the man, who had taken refuge in the church because of his debts, that he would play the part of the Lord God in the play. He resisted for a long time, as he dared not leave the church on account of those to whom he owed money, but the other gave him the assurance that they would bring the cart, on which the play was to be held, in front of the church; where he could mount and descend and need not harbour fear.

"Thereupon the latter consented. But when one of his creditors learnt this, he bethought himself of many ways in which he could have his debtor seized and thrust into prison. To that end he held counsel with an Alguazil, who informed him that he had a good friend who would play the part of Judas in the said performance. This man he would present with half a dozen ducats and instruct him that, when they arrived on the Market Place, and Judas gave our dear Lord a kiss, he should likewise give him a strong push, so that he might fall from the cart. Once he touched the ground he would immediately be made prisoner.

"This proposal pleased the creditor greatly. He thereupon gave the Alguazil some money and promised him more as soon as he had got his debtor into prison. Thus, when the procession reached the market, where the Alguazil and his minions were lying in wait, Judas at once strode over to carry out his purpose, and with the Jews proceeded to approach the Lord, whom he took to the tail of the cart, where he gave him so forcible a kiss and a push, that he fell to the ground.

"The Alguazil captured him then and there; but,—as the good Lord was looking most woefully at his disciples,—St. Peter, who stood next to him with his sword, took pity upon him and almost cleft the Alguazil's head in twain. Thereupon a great turmoil ensued in the whole village, so that the Justice intervened and arrested St. Peter, the Lord and Judas with all his Jews. Thereupon the Judge proclaimed:

"*Sententia*, firstly Judas to be given the birch for a scoffer of God; secondly, the Alguazil to have himself physicked at his own cost; thirdly, St. Peter to be set free, as a pious and faithful apostle, and the Lord likewise. The merchant to forfeit that which the Lord owes unto him and to make no further demands upon him for all eternity.

"Of this, for lack of better news, have I wished to give tidings unto you."

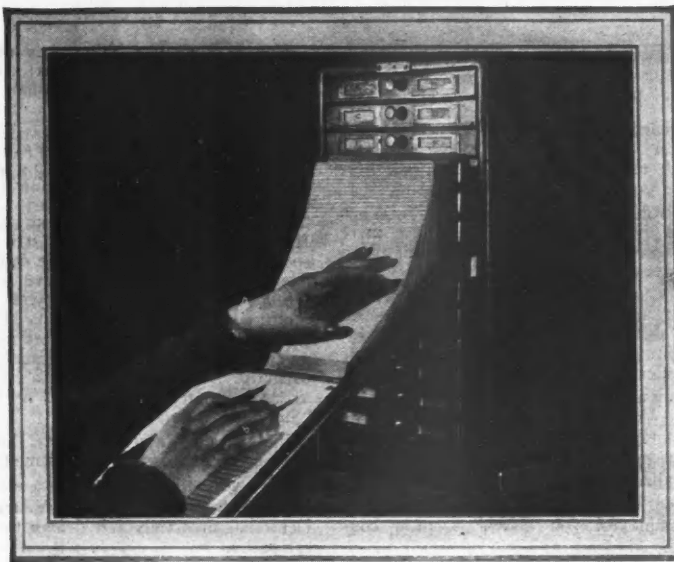
Getting the Attention of the Debtor

AS everyone, including the merchant debtor, is a cross-word fan nowadays, why not, asks a reader of the CREDIT MONTHLY, get the debtor's attention by writing him a collection letter like this: Dear Mr. Debtor:

Having received no six-letter-noun-beginning-with-a to our three requests for seven-letter-word-ending-in-ut of our account, we will be forced to verb-in-five-letters, the matter in the extremities-of-arms of our a-professional-adviser if we do not four-letter-verb from you adverb-expressing-time-in-eleven-letters.

You's five-letter-adverb.

KREDDIT-GRANT CO.



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Library Bureau

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Jim Walton—Reporter

(Continued from page 21)

salesmanager's voice, for Denton's calm disdain disturbed him. It's a clear breach of contract—isn't it? Look here—I've got the signed order."

"No good," said Denton curtly. When Eaton signed that order he was a mere clerk—the partnership had been dissolved two weeks previously."

"Yes, true—but we didn't know, we hadn't been informed about the dissolution, so that doesn't go!" Blair smiled in spite of himself. He was a trifle egotistical about his legal knowledge.

Denton, accepting the challenge, smiled back. "Walton says in his letter that he was notified, doesn't he?"

Blair nodded. This was deeper than he realized.

"And notice to the agent is notice to the employer, you know," Denton continued.

For a moment nothing was said, and then Blair spoke up eagerly: "But our salesman wasn't an agent—he's just a salesman!" he exclaimed.

"Wrong again," the credit manager retorted. "Walton collected \$200 from Eaton & Stone on a previous trip, didn't he?"

Again Blair nodded.

"That makes him an agent, any performance of duties outside of strict selling soon places a salesman in the capacity of agent. Besides, that extensive sales investigation he made for you several months ago quite settles it. The law would say that he often acted as agent and thus for all time assumed that capacity." There was just a touch of sarcasm in Denton's voice as he stressed "Sales investigation."

Blair flushed, and then there came over his face an expression of extreme humility.

"Are you sure?" he said—so softly and with so much ill-concealed distress that Denton immediately felt drawn to him by sympathy.

"Dead sure, old man," he replied. "A similar case was reported about five months ago at our credit men's association meeting. I don't want to rub it in, but that's one of the reasons I started the report system. They're all advocating it."

"Then it's a big loss at best." Blair ignored the last remark. He seemed stunned by the bitterness of the blow.

"Yes, unless we can make Walton see the evil of his ways and make it good. This wouldn't have happened had he utilized my reports."

"What do you mean—make good?" Blair asked eagerly as if grasping at a fleeting hope.

For a moment neither man spoke. Then the credit manager picked up a scratch pad. He quickly wrote something on it. After another moment of thoughtful silence,

"Dick," he said, "I know Jim Walton pretty well. He's a brute when he's mad. But he's terribly game. Wire him this," and Denton tossed the slip over to the salesmanager who read,

NO BREACH OF CONTRACT.
SUIT IMPOSSIBLE. RESELL
THE ENTIRE SHIPMENT OR—

"What's the rest of it?" The puzzled expression on Blair's face spoke volumes.

"That's all."

"But or—what?"

Paul Denton shrugged his shoulders. "It works on bad debtors," he said. "They lay awake nights asking that same question, 'or—what?' Try it on Jim. He's very resourceful."

* * * *

Two weeks passed and not a word from Jim Walton. A letter to the station agent at Warren brought no response. Both Denton and Blair were worried. And then one morning the salesmanager received the following telegram:

WILL BE HOME FRIDAY TO
ATTEND ANNUAL SALES CON-
VENTION. PUT ME DOWN
AS SPEAKER—SUBJECT: "WHY
CREDIT REPORTS ARE WORTH
WHILE."

JIM. W.

Dick Blair was as tickled as he was surprised. There was a merry ring to the telegram, an air of mystery about it. He ventured to guess that Jim had come through, but was keeping the secret to himself.

"Wonder what that means?" he muttered.

"Perhaps Denton's right. Walton is a brute when he gets mad. And he is terribly resourceful."

It was the morning of the sales convention dinner. Blair had rolled up his sleeves and plunged into a thousand details which, however, were temporarily forgotten when the truant salesman popped his head inside the door of the manager's office with a smiling, "How about it?"

"Come in—come in. That's the idea, pull up a chair," Dick greeted him warmly. "Well how are you? Come now, re-

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port on the tricks you've been up to!"

Jim Walton shrugged his shoulders and smiled back.

"What did that 'or' in your telegram mean?" he questioned.

Dick glanced around the room, assuming an air of extreme mystery. "Hush," he said. "It will cost you money to find out."

"Money?" Jim was keenly enjoying the comedy especially as he felt that he held the high card. "That's easy. Will this pay the bill?" And he laid a check on Blair's desk—and laid it down brazenly, face up. It read: \$4,500 and was signed "Sol Stone."

For a moment Dick looked at it in silent amazement and then burst out,

"Well—I'll be—and how did you do it?"

"Oh that—sell the shoes—you mean?" He spoke nonchalantly.

Dick nodded.

"Easy enough. I rented a vacant store in Warren. Made elaborate preparations for the biggest shoe sale that burg ever saw. New models—just in season, you know. All that sort of propaganda stuff. Everything at a big discount. The same discount, of course, we gave to Sol Stone. Well, I carried on the bluff for three days. Even put a blind ad in the paper—a sort of preliminary advance notice. Of course Henry Eaton was in on the deal. He kept Sol on the ragged edge with all the latest news. He made no denial when the gossip started that he and I were going into business together.

"Well, that's about all. Sol finally broke loose and sent Henry down to buy me out. Lucky for him he hadn't closed the deal with that Chicago house. We haggled some on the price. Sol finally agreed to take the stock at an extra 10% discount—that was my commission so I felt the personal loss of \$500 was cheap considering the lesson I had learned. That's all it cost. You see, Sol finally added the rental and other expenses to his original price. But gee! he was a tough one. Well—anyway there's his check." He pointed to the voucher on the desk.

Dick Blair's face shone with enthusiasm as he threw back his head and laughed until the windows fairly rattled.

"Great!" he exclaimed as soon as he could control himself. "And now—what's the speech idea?"

"Well, you see if I'd backed up Denton's reports, this mess couldn't have occurred. Now I naturally think an apology is due him. I want to tell the boys tonight all about it and put in a boost for the Report System."

"A real conversion! Jim, Denton was certainly right! You're a sportsman and a gentleman! Well, keep this check and keep the whole deal a secret. You spring it tonight. And say, in the meantime, keep out of sight. I don't want Denton to see you."

"Sure—but no bouquets, I don't deserve them. But say—I've paid up—now tell what comes after or—"

Again Dick threw back his head and chuckled.

"Don't ask me," he said. "Your guess is as good as mine. Save it and ask Denton—tonight. You didn't pay me, anyhow. I gave the check back. So give it to Denton and ask him."

A Debtor's Request Declined

THE following exchange of letters is taken from "Effective Collection Letters," by J. H. Tregoe and John Whyte, and shows how one creditor concern handles a common request for a "dating" of the discounts. The creditor's letter firmly refuses to accede to the request, but does so with entire courtesy.

The Request

The Creditor Company,
Supply City, Va.
Gentlemen:—

You are one of few of our suppliers who sell to us on a 10-day discount basis. In view of this condition we are writing to ask that you extend the same favorable terms to us that we enjoy from most of our other suppliers, namely, remittance and discount of the 10th to 15th of the month following date of shipment.

The credit feature which in a large degree is the object of the cash discount allowance does not enter into a transaction with us. Where the financial standing of our suppliers is such as to permit it, we generally make remittance on the basis mentioned. We greatly prefer to purchase on such terms and whenever possible we place our order with those firms who facilitate the handling of our business.

We hope to have a favorable response at an early date.

Very truly yours,

THE DEBTOR COMPANY.

The Polite Answer

The Debtor Company,
Business Center, Ga.
Gentlemen:—

The same request in your October 4th letter, that cash discount be allowed when payment is made between the 10th and the 15th of the month following shipment, has been made from time to time by various customers, some of whom buy in very large quantities, but we have invariably felt that we were unable to grant it. This for two reasons:

First, cash discount is a premium offered for prepayment of an invoice, and if it is not paid within 10 days the extra profit has not been earned. If we have to wait an average of 30 days, our bills are due net and we are obliged to disallow the discount privilege.

Second, it is obviously unfair to our many customers who pay in 10 days, to permit others to remit in 30 days, as it would be giving the latter a better price than those who pay more promptly. We do not think you would expect us to discriminate in this way.

We want you to know, however, that we fully appreciate your point of view, as we ourselves, with about twenty factories, find it a difficult task to put our discount bills through for payment in 10 days. Nevertheless, we do manage it somehow.

We feel confident that after considering the foregoing you will agree that our attitude is the only just one to assume, when all the circumstances are taken into account.

We shall hope to receive a share of your business as in the past and wish to tell you at this time that we are indeed grateful for your patronage.

Very truly,

THE CREDITOR COMPANY.



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The Business Library

Under this Head are Reviewed Books and Articles of Interest to Executives

By Frank A. Fall, Litt. D.

Director of Education and Research, National Association of Credit Men

Auditing from a New Angle

PRINCIPLES OF AUDITING. Eric I. Kohler, M. A., C. P. A., and Paul W. Pettengill, C. P. A. A. W. Shaw Co., Chicago, 1924. 327 pp. \$4.

One of the credit man's indispensable tools,—the financial statement,—becomes increasingly valuable as the user comes to see more vividly and understand more clearly the various processes involved in the making of the tool itself. Any book, therefore, which explains step by step exactly how the accountant or auditor proceeds in determining the financial condition and earnings of a business is grist for the credit man's mill.

Such a volume is this text on the principles of auditing, developed by two members of the faculty of the Northwestern University School of Commerce who are also associated in the practice of public accounting. In form and content, this is frankly a textbook; but its limitations are virtually negligible. The man who uses it as a basis of independent study, to broaden and deepen the foundations of his knowledge of accounting and auditing for direct application to his own calling, will find it admirably suited to his needs.

There have been, of course, many texts on auditing, the earlier efforts by English authors being followed by American writers who in a sense began where the English pioneers left off. But the authors of this book have struck a new note by placing the emphasis strongly on the working papers as the solar plexus of any audit.

Perhaps, in fairness, "a new note" should be somewhat qualified. In fact, the authors themselves courteously qualify it in these words:

"Acknowledgment of the original idea of the 'audit problem' should be laid at the door of Mr. John R. Wildman, in whose auditing text, now eight years old, the germ of the present idea was found."

It was, then, Mr. Wildman, (at that time professor of accounting at New York University) who actually struck the new note. He furnished the theme; Professor Kohler and Mr. Pettengill have harmonized and orchestrated it.

The authors outline with notable clearness the actual working procedure followed in auditing the various accounts of a business. They tell exactly how to begin the audit, how to carry it through its successive stages, how to close it, and how to prepare the exhibits, certificates and the text of the report. A full set of working papers, based on an actual case, is reproduced, together with the related audit report. The working papers are so well presented that many will doubtless secure the book for that feature alone, with no strong intention of using the text portion of the book. But some of these will be drawn into textual study in spite of themselves, for the forms have a decided "hook" designed to pull casual readers into the descriptive portions of the book.

After brief treatment of auditing as a profession, the authors plunge imme-

diately into the mechanics of the audit. They discuss cash and cash resources, receivables, inventories, deferred charges, investments and funds, plant assets and intangibles, and current liabilities. Special chapters are devoted to funded debt, reserves and net worth; contingent assets and liabilities; and the profit and loss accounts.

The Appendix includes 207 well selected questions on auditing, a seven-page Index, and the illustrative audit problem carrying the forms already referred to. As a basis for this problem an ordinary, medium-sized manufacturing business was selected. It was necessary, of course, to conceal the identity of the original organization, and even the character of its product. In other respects the accounts and the relationships between the various groups of figures adhere closely to the original case.

There would seem to be no doubt that "Principles of Auditing" will achieve genuine success as a text for colleges and schools of commerce and business administration. It is to be hoped that credit executives and others now enrolled in the great university of experience will also be quick to see what a valuable asset is to be found between the covers of this eminently useful book.

Better Than Its Title

ECONOMICS FOR HELEN. Hilaire Belloc. G. F. Putnam's Sons, N. Y., 1924. 225 pp. \$2.

In all probability Mr. Belloc has done far more for Helen than she has done for him, in connection with this book. One gets a fleeting glimpse of her in the blurb on the book's jacket, and she appears on the title page and in the running heads; but as for the text,—Helen is decidedly not there. Mr. Belloc's idea was to produce an "Economics in simple language," and it is more than barely possible that those words would have constituted a better selling title than the fanciful one he saw fit to choose.

However, let no one be scared off by Helen. There are plenty of men, and doubtless many women too, who are looking for a plain, straightforward, not too highbrow treatment of the fundamental principles of economics. This book offers precisely that, from the pen of one of the most consistently entertaining and informing of modern writers. Mr. Belloc's versatility is well known, here as well as abroad. No one-track mind could possibly have produced such widely varied and excellent works as "The Book of the Bayeux Tapestry," "The Path to Rome," "Marie Antoinette," and "Economics for Helen."

In the introduction to the American edition, Mr. Belloc states his twofold object: first, to present in compact and simple form the conclusions of Ricardo, Mill and the other original masters of the science of economics; and next, to introduce certain new discussions, or (as he prefers to call them) conclusions, which the older economists seem to have partially or completely ignored. The work is divided into two parts, the first under the general heading of "The Elements" and the second designated as "Political Applications." Such statements of economic theory as Mr. Belloc believes to be new, or at least to possess elements of novelty, are found in Part II. These include his treatment of usury, his discussion

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of the social value of money at various epochs, and his statement of four "economic imaginaries."

In line with most economists in good and regular standing, Mr. Belloc begins by asking "What is wealth?" His direct method of approach is well indicated by the title of Chapter II: "The Three Things Necessary to the Production of Wealth—Land, Labour and Capital." Similarly, Chapter IV is entitled: "The Three Parts into which the Wealth Produced Naturally Divides Itself—Rent, Interest, Subsistence." The author helps Helen by saying "things" and "parts" rather than "factors" or "elements" or "categories," a boon for which others beside Helen will doubtless be grateful.

Part II has its own introductory chapter, followed by the author's treatment of property, the servile state, socialism, international exchange, free trade and protection, banking, national loans and taxation and the "economic imaginaries" referred to above. These last, it is feared, may be slightly over Helen's head. "An imaginary," Mr. Belloc begins promisingly, "is a term taken from mathematics, and means a value which appears on paper but has no real existence." He then admits his own limitations by continuing: "It would be too long and much too puzzling to explain what imaginaries in mathematics are." As to imaginaries in economics, however, he says: "These are economic values or lumps of wealth which appear on paper when you are making calculations, so that one would think the wealth was really there, but which, then you go closely into their nature, you find do not really exist."

Economic imaginary No. 1 concerns "overlap," or counting the same money twice. An income tax problem is used for illustration, and the principle (none too illuminating) is deduced: "Every unchecked overlap creates an economic imaginary to the extent of that unchecked overlap."

No. 2 is the economic imaginary "due to luxurious expenditure"; No. 3, "due to inequality of income"; and No. 4, "due to the confusion between services and economic values attached to material things."

Mr. Belloc has possibly overreached a bit in his effort to bring out "some new thing" in economic theory, but that may easily be overlooked in the light of his sound and unfailingly entertaining treatment of the time-tested basic doctrines. "Economics for Helen," in spite of its unfortunate title and its straining several points for novelty's sake, is well worth the study of anyone who is concerned with fundamental economic truth, and that means virtually all of us.

Use of Graphics in Business

GRAPHIC STATISTICS IN MANAGEMENT. William Henry Smith. McGraw-Hill Book Co., N. Y., 1924. 360 pp. \$4.

Dean Donham of the Harvard School of Business Administration recently announced his conviction that statistical methods will, within a comparatively few years, develop to a point where the progressive business man will attribute as much importance to the subject as he does to accounting.

This sounds like a rather large order; but there is no denying the fact that statistical practice and graphic control

are a rapidly and steadily increasing factor in modern business. Therein lies the justification for another book on graphics, which comes to augment a list already long and, in certain portions of its length, distinguished.

Mr. Smith submits that while beginners in the field of statistics find many able books spread out for their attention, they are amazed and alarmed by the apparent complexity in which the method and technique of statistics lie buried full forth fathoms deep. He therefore attempts to salvage these methods and make them of use to the average business man by treating them uniformly from the practical rather than the theoretical point of view, and by essaying to establish a real co-ordination between statistical practice and graphic usage.

In his book, the author says, an effort has been made to treat the principles of statistical and graphic practice

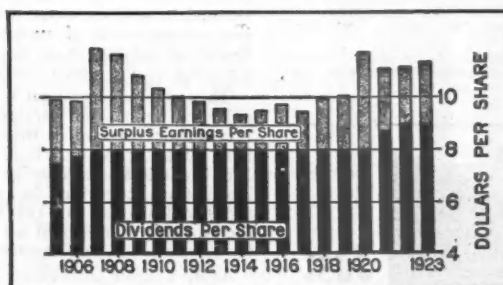
cohesively—to show their interdependence and relation—in order that the student or business man may find an exposition of the subject sufficiently complete to enable him to understand what others have done or may do and to establish within his business a statistical and graphic practice of his own.

"Graphic Statistics in Management" is divided into four parts, "Statistics," "Chart Construction," "General Statistics" and "Graphic Application of Statistics." The three chapters in Part I constitute a general introduction to the study of statistical data and their presentation.

Part II describes and illustrates many forms of charts, including pictorial and circle, bar, curve or line, logarithmic, map, flow and "Z" charts. There are no less than 92 well chosen illustrations in this section alone, and a total of 242 in the entire volume.

(Continued on page 42)

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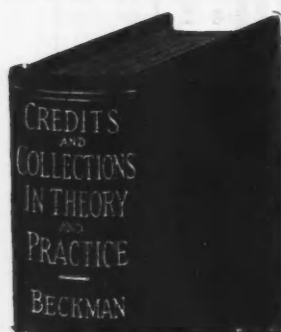


"The People's Messenger"

In part III, Mr. Smith discusses fundamental statistics, index numbers, and statistics as applied to business and financial activity, basic commodities and industries. Part IV covers the preparation and use of organization charts and charts for the executive; purchasing, production (man and machine records), market analysis, sales, advertising, finance accounting and costs. The concluding chapter presents a special study of statistics and graphs for retail stores.

Chapter VI on "Curve or Line Charts" has a particularly valuable feature in that it reproduces the seventeen rules on graphic procedure formulated by the Joint Committee on Standards for Graphic Presentation of the American Society of Mechanical Engineers. These standard practice rules are supplemented by five valuable suggestions arising from the author's own experience. These are:

1. Units of measurement should be selected which will allow desired curves to be plotted without exaggeration.
2. When the chart covers a long space of time, it is well to place the vertical scale at the right as well as the left. Similarly, it may be advisable to put dates at the top as well as at the bottom.
3. Reading matter should not appear in the body of the graph.
4. When facts of widely differing magnitude are compared, a double scale may be used, but the base line should always be the same for both scales.
5. Whenever it is desired to represent rates of increase or decrease, the ratio chart should be used.



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Mr. Smith has gathered his material and his illustrations from many sources, and wisely avoids making any claim of originality in respect to them. He has, however, presented his gleanings in such a way that men in all kinds of business may quickly and easily make themselves familiar with the standard forms and practices for collecting and tabulating statistics and for selecting and constructing graphs for use in business.

A Typical Office Manual

MANUAL OF OFFICE PRACTICE FOR THE ARCHITECTURAL WORKER. Frederick J. Adams. Chas. Scribners' Sons, N. Y., 1924. 96 pp. \$1.25.

In the actual material of this 96-page book there is little that is of direct interest to credit men, but it is reviewed here because of frequent repetition of the question: "Where can I find a well-built office manual to give me some ideas about outline, arrangement of material and general typographical layout in the manual I am planning for my own business?"

This particular manual was revised and enlarged from the version compiled by the author for use in the offices of McKim, Mead & White. It is designated by Mr. Adams as "a concise tabulation of instructions covering the routine of an architectural office for the information of the workers therein and all others having to do with building construction."

After a brief introductory section, Mr. Adams takes up municipal ordinances and building codes as they affect architects' contracts, in and outside of Greater New York. He then develops rules and recommendations covering the work of the drafting, administrative and field sections of the staff. Special sections are devoted to "Hints for Draftsmen," "Checking List," and "Forms."

Obviously, the detailed information in this book is of interest and value chiefly to architects and builders. But its gen-

eral plan and orderly development of ideas may be followed in preparing office manuals for use in many kinds of business.

More Larson Inspiration

THE NEW SCIENCE OF WORK. Christian D. Larson. Thomas Y. Crowell Co., N. Y., 1924. 91 pp. 90 cts.

Here is a big little book. Much material that is designed to be "inspirational" flows over the business man's desk in the course of a year. Some of it is really worth reading; some is just meaty enough to get by; some, it must be said, is utter twaddle.

Mr. Larson qualifies for Class A by the well-knit paragraphs of this book. He sees many people frantically trying to get something without working for it. Why, he asks, is the desire to get something for nothing so strong in so many minds? Because we really do not understand the true nature of work, and therefore dislike it. "When we learn to understand work, however, and learn how to work, we shall go to our work with just as much delight as we go to our pleasure; and when we consider the real purpose of work and discover the work that builds the man we will consider it a far greater privilege to work for everything that we need or desire than to go to a free mine and take all the gold we can carry away."

In line with this is Mr. Larson's suggestion: "Eliminate entirely the subconscious feeling that 'we have to work'; and build into the subconscious the feeling that 'we want to work.' Whatever your work may be, think of it as a channel for the expression of mind and soul; and make this thought so deep, through faith and persistence, that you can actually feel the marvels of the mind pressing for expression as you work. Thus know that the greater power within you—even genius—will, through your work, come forth. Convince the mind of this fact and you will soon receive from within all the power and all the inspiration you could possibly desire."

"Pretty deep stuff," mutters First Business Man, and goes back to his comic strip. "You can't tell, this man may be right," says Second Business Man. "I guess I'll try it out, anyway." "The New Science of Work" is for Second Business Man. No other need apply.

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New York, Jan. 2, 1925

"The Glens Falls Fire Prevention Slogan Contest was a great contribution to the cause of Public Safety."
T. Alfred Fleming, Chairman, Fire Prevention Week Committee, National Fire Protection Association.

The Winning Slogans

The widespread interest in the subject of Fire Prevention is proved by the fact that more than 150,000 slogans were sent to the Glens Falls Insurance Company by competitors in its recent contest.

This contest, undertaken at the request of the Fire Prevention Week Committee of the National Fire Protection Association, was intended to meet that organization's desire to "Fight Fire With Slogans." Its success was sensational.

First Prize \$500

*Answer the "Burning Question" with
Fire Prevention*

(Slogan submitted by Mrs. W. Cary Matthews,
New Orleans, La.)

Second Prize \$250

A Burning House is a Burning Shame

(Slogan submitted by Nancy Buckley,
San Francisco, Calif.)

Third Prize \$100

Fire Waste Can Never Be Replaced

(Slogan submitted by C. F. Elliott,
New York City)

In addition to the first three prizes, the judges awarded seven prizes of \$50 each; ten prizes of \$25 each; thirty prizes of \$10 each; fifty prizes of \$5 each and five hundred Certificates of Honorable Mention.

The judges were T. Alfred Fleming, Chairman, Committee on Fire Prevention Week, National Fire Protection Association; J. H. Tregoe, Secretary, National Association of Credit Men and Frank R. Bell, Past President, National Association of Insurance Agents.

Glens Falls
INSURANCE COMPANY
GLEN FALLS, N.Y.



E. W. WEST, President H. N. DICKINSON, Vice President F. M. SMALLEY, F. L. COWLES, H. W. KNIGHT, J. A. MAVON, Secretaries
 R. S. BUDDY, C. R. WHITEHEAD, G. P. CRAWFORD, Assistant Secretaries R. C. CARTER, Treasurer

New Styles in Credit Crime

(Continued from page 11)

they would mind storing his trunks until he could find a suitable place to live. The husband not only consented but went with the Los Angeles man to hire a nameless express vehicle. Together they then got from the railway station the twelve trunks filled with silks, satins and other merchandise worth thousands of dollars. They took five of the trunks to the tenement and the other seven to a house in Brooklyn, about ten miles away. The husband never suspected anything irregular but thought he was only helping a friend store his household furnishings. We recovered the other seven trunks.

There is a way to combat these credit criminals. It lies in organization.

How Railroads Checked Crime

For a year or two after the World War the railroads were losing through theft one million dollars a month in the port of

New York, including the New Jersey and Brooklyn shores. Their officials were beside themselves to stop this onslaught on traffic. The railroads accordingly got together and formed a legal bureau. They engaged lawyers, investigators and organized their own police force. A number of arrests were made and a few substantial sentences imposed because stealing from interstate commerce carries with it a ten-year sentence.

Most of the men convicted were employees of the railroads, principally barge captains who took the freight from the Jersey shore to Manhattan or Brooklyn. They were in touch with receivers of stolen goods and they would telephone these receivers at night that they had a barge load of tires a barge load of butter or a barge load of anything that might be moving in commerce and ask the crooks to come down and make an offer for it. These receivers had boats on the river and they would go up to the barge and, for a consideration,—usually a pitifully small one—would transfer the cargo.

The result was that after about a dozen convictions with penalties ranging from twelve years down, *railroad thefts in the port of New York dropped to \$1,000 a month* where they have remained ever since.

That gives some indication of what can be done in the field of commerce. If railroads can do that with a proper bureau and proper facilities, backed up of course by the national government, the man who steals through obtaining credit fraudulently can be similarly checked. With a proper bureau established and sufficient funds to conduct a nation-wide investigating force, credit losses would drop to a point surprising to everyone. I hope in the interest of law enforcement that the present movement of the National Association of Credit Men will be a success.

STATEMENT OF THE OWNERSHIP MANAGEMENT, CIRCULATION, ETC. REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912

Of the CREDIT MONTHLY published monthly at
East Stroudsburg, Pa., for Oct. 1924.

State of New York
County of New York ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared William Walker Orr, who having been duly sworn according to law, deposes and says that he is the editor of the CREDIT MONTHLY, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, National Association of Credit Men, 41 Park Row, New York.
Editor, William Walker Orr, 41 Park Row, New York.

Managing Editor, Rodman Gilder, 41 Park Row, New York.

Business Managers, None.

2. That the owners are: (Give name and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent or more of the total amount of stock.)

National Association of Credit Men, a non-stock corporation with these officers: Eugene S. Elkus, The Elkus Co., San Francisco, Cal., President; A. J. Peoples, Detroit Copper and Brass Rolling Mills, Detroit, Mich., 1st Vice-President; Richard T. Baden, Holland, Baden & Ramsey, Baltimore, Md., 2nd Vice-President; J. H. Tregoe, 41 Park Row, New York, Executive Manager; William Walker Orr, 41 Park Row, New York, Assistant Secretary.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of the total amount of bonds, mortgages, or other securities are. (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is..... (This information is required from daily publication only.)

WM. WALKER ORR, Editor.
Sworn to and subscribed before me this 31st day of October, 1924.

(Seal) WALDO M. CHAPIN
Notary Public, Queens County, No. 795.
Certificate filed in New York Co., No. 260, Reg. No. 4254.
(My commission expires March 30, 1926)

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41 PARK ROW NEW YORK, N. Y.

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BROWN, H., formerly of Princeton and Bluefield, West Virginia.

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KATZ, BENJAMIN, formerly located at 1771 Amsterdam Avenue, New York City.

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ZAFFINO, ANTHONY and COLLENTINA, recently in the wholesale grocery business at Buffalo, N. Y.

Information Wanted

Information wanted concerning HARRY FELTMAN, 3481 Hastings Street, Detroit, Michigan. Formerly from Madison, Wisconsin, where it is thought he operated under the name of Harry Glickman. He is between 30 and 35 years of age, slight build, dark complexion and curly hair. The Prosecuting Attorney at Detroit has issued a warrant for his arrest and the same is in the hands of the officers. Please wire any information as to his present location.

Information wanted concerning THOMAS HURLEY, traveling through the South representing himself as an Agent of the Manhattan Electrical Supply Company, Inc. and formerly in the employ of the Manhattan Electrical Supply Company, N. Y., communicate with.

Information wanted regarding JOHN WEBSTER McCARTHY, trading as the Catherine Collieries Company, 6815 McCallum Street, Philadelphia, Pa., formerly of Germantown, Pa. He is about 40 or 45 years of age, weighs from 150 to 160 pounds, about six feet in height, and has a striking appearance. No doubt, if he is located he will be in the coal industry as an operative or broker.

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CREDIT OR SALES MANAGER—Highly specialized radio and radio parts expert will shortly be open for new connection. Four years' experience in credit and collection department management. Initial salary \$4000. Address Advertisement 1021.

CREDIT MANAGER—Age 38, married; several years' practical experience wishes to make connection with good commercial house. Available within reasonable notice. Address Advertisement 1022.

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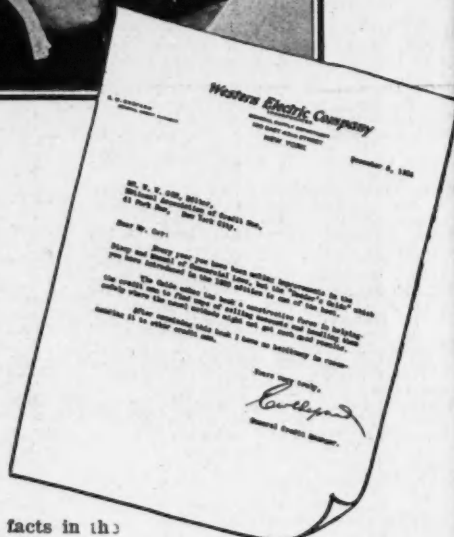
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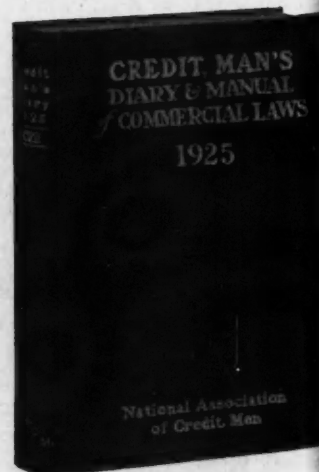
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